

Financial Statements of

**GIRL GUIDES OF CANADA -
GUIDES DU CANADA**
(ONTARIO COUNCIL)

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of Girl Guides of Canada - Guides du Canada (Ontario Council)

Opinion

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

- the statement of financial position as at December 31, 2019
- 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, 2019, 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.



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.

- 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 22, 2020

GIRL GUIDES OF CANADA - GUIDES DU CANADA

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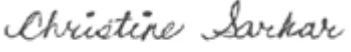
Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash (note 2)	\$ 3,224,208	\$ 85,313
Short-term investments (notes 2 and 3)	—	3,509,412
Accounts receivable	180,347	190,505
Inventory	9,849	3,920
Prepaid expenses	115,731	116,688
	3,530,135	3,905,838
Investments (notes 2 and 3)	23,647,929	19,279,010
Property and equipment (note 4)	3,287,958	4,019,755
Camp properties held for sale (note 5)	597,187	—
	\$ 31,063,209	\$ 27,204,603
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 1,021,751	\$ 1,059,335
Due to National (note 7)	345,239	313,523
Due to Units (note 2)	4,711,097	4,768,176
Deferred revenue (note 8)	2,265,728	2,488,398
	8,343,815	8,629,432
Unamortized deferred capital contributions (note 9)	10,673	13,510
Deferred contributions (note 10)	1,722,931	1,130,827
Lease inducements	348,461	355,374
	10,425,880	10,129,143
Net assets:		
Unrestricted	16,326,998	12,524,144
Internally restricted (note 12)	435,859	545,071
Invested in property and equipment	3,874,472	4,006,245
	20,637,329	17,075,460
Commitments and contingencies (note 16)		
Subsequent events (note 19)		
	\$ 31,063,209	\$ 27,204,603

See accompanying notes to financial statements.

On behalf of Ontario Council:

	Co-Provincial Commissioner
	Co-Provincial Commissioner
	Provincial Treasurer

GIRL GUIDES OF CANADA - GUIDES DU CANADA

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Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Registration fees (note 13)	\$ 2,565,811	\$ 2,558,684
Cookie fundraising (note 14)	4,914,483	4,810,459
Camps	1,631,130	1,832,867
Events	1,404,531	590,463
Investment income (note 15)	2,882,295	131,910
Donations	69,095	239,270
Amortization of deferred capital contributions	2,837	3,030
Other	205,370	141,882
	13,675,552	10,308,565
Expenses:		
Finance and administration (note 17)	324,549	412,668
Departments/committees (notes 6 and 17)	5,312,072	5,524,125
Provincial council (note 17)	595,517	653,591
Camps	1,733,300	1,973,383
Events	1,638,293	609,477
Amortization of property and equipment	206,614	311,919
Other	83,338	95,303
	9,893,683	9,580,466
Excess of revenue over expenses	\$ 3,781,869	\$ 728,099

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA - GUIDES DU CANADA

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Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	2019			2018	
	Unrestricted	Internally restricted (note 12)	Invested in property and equipment	Total	Total
Balance, beginning of year	\$ 12,524,144	\$ 545,071	\$ 4,006,245	\$ 17,075,460	\$ 16,577,361
Excess (deficiency) of revenue over expenses	3,986,306	—	(204,437)	3,781,869	728,099
Interfund transfers (note 12)	109,212	(109,212)	—	—	—
Transfer to National (note 7)	(220,000)	—	—	(220,000)	(220,000)
Repayment of endowment fund (note 11)	—	—	—	—	(10,000)
Purchase of property and equipment	(89,005)	—	89,005	—	—
Decrease in asset retirement obligation (note 6)	16,341	—	(16,341)	—	—
Balance, end of year	\$ 16,326,998	\$ 435,859	\$ 3,874,472	\$ 20,637,329	\$ 17,075,460

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA - GUIDES DU CANADA

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Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,781,869	\$ 728,099
Items not involving cash:		
Amortization of property and equipment	206,614	311,919
Realized gain on sale of investments	(5,472)	(4,691)
Change in unrealized (gain) loss on investments	(940,683)	1,381,631
Amortization of lease inducement	(6,913)	(84,760)
Amortization of deferred capital contributions	(2,837)	(3,030)
Deferred contributions realized	(211,405)	(52,142)
Loss on disposal of property and equipment	660	35,977
Decrease in asset retirement obligation	16,341	98,659
	2,838,174	2,411,662
Change in non-cash operating working capital:		
Accounts receivable	10,158	(30,775)
Inventory	(5,929)	189
Prepaid expenses	957	50,262
Accounts payable and accrued liabilities	(37,584)	73,012
Due to National	31,716	286,301
Due to Units	(57,079)	513,875
Deferred revenue	(66,670)	193,611
	2,713,743	3,498,137
Financing activities:		
Deferred contributions received	647,509	1,001,968
Repayment of endowment fund	—	(10,000)
	647,509	991,968
Investing activities:		
Net change in investments	86,648	(4,240,758)
Transfer to National	(220,000)	(220,000)
Purchase of property and equipment	(89,005)	(83,275)
	(222,357)	(4,544,033)
Increase (decrease) in cash	3,138,895	(53,928)
Cash, beginning of year	85,313	139,241
Cash, end of year	\$ 3,224,208	\$ 85,313

See accompanying notes to financial statements.

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Notes to Financial Statements

Year ended December 31, 2019

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

The governing body of Girl Guides of Canada - Guides du Canada is the National Board of Directors (the "Board"). The Board delegates defined authority and responsibility to provincial councils ("Councils"). The Ontario Council promotes and administers guiding to members through Units ("Units"). The Councils are administrative groups under a Commissioner's leadership. Each of the Councils bears the name of Girl Guides of Canada - Guides du Canada along with its own local identifying name. All of the Councils, regardless of level, are focused on the overall mission of the Girl Guides of Canada - Guides du Canada.

Girl Guides of Canada - Guides du Canada is a nationally incorporated charitable organization established by a Special Act of Parliament and the Ontario Council is a provincial level entity and has no separate legal status. Girl Guides of Canada - Guides du Canada, as a single legal entity is responsible for all property in its name. These financial statements reflect all operating assets of the Ontario Council to better reflect the financial position of the Ontario Council.

The Ontario Council 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:

These 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:

The Ontario Council functions through consultation, collaboration and sharing resources. These financial statements do not reflect the assets, liabilities, revenue or expenses of the National Office of Girl Guides of Canada ("National"), which prepares separate financial statements.

The Ontario Council has certain economic relationships with the Units in that it relies on the operation of these Units to sell cookies and to carry out fundraising. The assets, liabilities, revenue and expenses of the Units have not been consolidated or reported in the notes to these financial statements, as they are individually immaterial.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

National collects registration fees on behalf of the Ontario Council; however only the Ontario Council portion is included in revenue of Ontario Council. The Ontario Council also collects National membership fees from members who do not register through Girl Guides of Canada's online registration website. The National membership fee collected is remitted to National and therefore not included in revenue of the Ontario Council. Deferred revenue includes the portion of registration fees received that pertain to the next fiscal year.

Cookie fundraising fees, camp fees and other revenue are recorded on an accrual basis to the extent that persuasive evidence of an arrangement exists, the services are rendered or the cookies are delivered to the Units. The amounts to be received can be reasonably estimated and collection is reasonably assured.

Investment income, which is recorded on the accrual basis, includes dividends, interest income, realized gains on sale of investments and unrealized gains (losses) on investments.

(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 Ontario Council 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. These costs are amortized using the straight-line method.

GIRL GUIDES OF CANADA - GUIDES DU CANADA

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Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Ontario Council 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 Ontario Council expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Property and equipment:

Property and equipment are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Leasehold improvements	over the term of the lease
Equipment	5 years
Furniture	10 years
Computer equipment and software	5 years
Vehicles	5 years

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Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(e) Asset retirement obligation:

The Ontario Council 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 property and equipment.

(f) Lease inducements:

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

(g) Donated services:

The activities of the Ontario Council 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.

(h) Pension plan:

The Ontario Council maintains a defined contribution pension plan for employees. The expense for this plan is equal to the Ontario Council's required contribution for the year. Pension expense for the year was \$112,573 (2018 - \$116,406).

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Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(i) Allocation of expenses:

Certain officers and employees perform a combination of program, fundraising and administrative functions: as a result, salaries and benefits are allocated based on the time dedicated to the functional activity. Other costs, including central office support and occupancy costs, have been allocated between the program and support expenses that benefited from the activity. Such allocations are reviewed regularly by the Ontario Council.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and 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 allocation of expenses and certain accrued liabilities. Actual results could differ from those estimates.

2. Funds held in trust:

As at December 31, 2019, the Ontario Council held \$4,711,097 in cash and investments (2018 - \$4,768,176) for various Units.

3. Investments:

	2019	2018
Short-term:		
Premium investment account	\$ —	\$ 3,509,412
Long-term:		
Pooled funds	\$ 23,647,929	\$ 19,279,010

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Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Property and equipment:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 1,341,661	\$ –	\$ 1,341,661	\$ 1,381,864
Buildings	4,695,444	3,703,143	992,301	1,604,959
Leasehold improvements	928,045	314,001	614,044	675,915
Equipment and furniture	1,076,196	918,856	157,340	197,752
Computer equipment and software	146,212	73,600	72,612	32,924
Vehicles	30,145	30,145	–	–
Asset retirement obligation (note 6)	110,000	–	110,000	126,341
	\$ 8,327,703	\$ 5,039,745	\$ 3,287,958	\$ 4,019,755

5. 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. During 2019, Ontario Council and the Board approved eight camp properties to be sold that are still on hand as at year end. Of the eight camp properties approved for sale, only five properties were actively listed on the market for sale. The carrying value of these five properties were classified as assets held for sale as at December 31, 2019. These five properties were closed in 2018.

			2019
	Cost	Accumulated amortization	Net book value
Land	\$ 40,203	\$ –	\$ 40,203
Buildings	1,247,601	695,318	552,283
Equipment and furniture	142,191	137,490	4,701
	\$ 1,429,995	\$ 832,808	\$ 597,187

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Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2019 are government remittances payable of \$7,043 (2018 - \$8,373) relating to payroll taxes, health taxes and workers' safety insurance.

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, 2019 a provision of \$110,000 (2018 - \$126,341) exists for the premise related to the environmental remediation measures required. The Ontario Council paid \$33,724 (2018 - \$147,677) towards the liability during the year increased the net provision by \$17,383 (2018 - \$11,272) for costs related to the matter.

7. Related party transactions and balances:

The Ontario Council collects certain transactions on behalf of National. This includes donations for the Canadian World Friendship fund \$9,043 (2018 - \$18,817). As at December 31, 2019, no amounts were owing (2018 - \$1,916). The Ontario Council also collected membership fees of \$513,720 (2018 - \$511,260), with \$8,640 receivable from National at year end (2018 - \$5,610). Funds related to an event were also collected on behalf of National for an amount of \$23,709 (2018 - nil), with the full amount owing to National at year end.

Effective January 1, 2018, National administers and pays all payroll for the Councils. During the year, the Ontario Council reimbursed National \$4,247,520 (2018 - \$4,430,012) relating to payroll costs and \$330,170 (2018 - \$355,155) is owing at year end.

The Ontario Council supported the National Strategic Priorities by providing funding of \$220,000 for 2019 (2018 - \$220,000).

The Ontario Council is required to remit 10% of net proceeds from the sale of camp properties, to National. During the year, the Ontario Council remitted \$63,345 (2018 - \$108,403) to National for the sale of a camp property.

Related party transactions for cookie fundraising are described in note 14.

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

8. Deferred revenue:

Deferred revenue relates to 2019 registration fees and unspent donations for specific programs.

	2019	2018
Registration fees	\$ 1,670,519	\$ 1,661,711
Externally designated	217,489	401,782
Other	377,720	424,905
	<u>\$ 2,265,728</u>	<u>\$ 2,488,398</u>

9. Unamortized deferred capital contributions:

	2019	2018
Balance, beginning of year	\$ 13,510	\$ 16,540
Amounts amortized to revenue	2,837	3,030
Balance, end of year	<u>\$ 10,673</u>	<u>\$ 13,510</u>

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Notes to Financial Statements (continued)

Year ended December 31, 2019

10. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent externally restricted net proceeds from the sale of a camp property for the Outdoor Experiences Fund and externally restricted donations for the Former Maple Leaf and Champlain Divisions Campership Fund. Both funds were established under court orders.

			2019	2018
	Outdoor Experiences Fund	Former Maple Leaf and Champlain Divisions Campership Fund	Total	Total
Balance, beginning of year	\$ 929,625	\$ 201,202	\$ 1,130,827	\$ 181,001
Net proceeds from sale of camp property	570,108	–	570,108	975,630
Transfer from deferred revenue (note 8)	156,000	–	156,000	–
Investment income (note 15)	77,401	–	77,401	26,338
Recognized as revenue	(210,301)	(1,104)	(211,405)	(52,142)
Balance, end of year	\$ 1,522,833	\$ 200,098	\$ 1,722,931	\$ 1,130,827

11. Endowment fund:

The Ontario Council repaid the endowment fund in the prior year.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

12. Internally restricted net assets:

The Ontario Council has internally restricted amounts for future initiatives. Internally restricted net assets of \$435,859 (2018 - \$545,071) are a reserve for other operating purposes. During the year, the Ontario Council approved a net transfer of \$109,212 from internally restricted net assets (2018 - \$199,271 from internally restricted net assets). Internally restricted net assets comprise the following:

	2019	2018
Property	\$ 95,765	\$ 124,114
Camping	32,932	44,784
Event	—	200,000
Units	231,030	140,776
Nunavut	11,255	20,841
Rankin Inlet	10,745	10,745
Outdoor Experience Financial Assistance Fund	16,968	—
Outdoor Experience Fund	29,902	—
Other	7,262	3,811
	\$ 435,859	\$ 545,071

The internally restricted amounts are not available for other purposes without the approval of the Ontario Council.

13. Membership and registration fees:

Membership and registration fees are collected by National. Registration fees are then forwarded to the Ontario Council to be used in support of provincial programs and funding of Units. The Ontario Council also collects National membership fees from members who do not register through Girl Guides of Canada's online registration website. The National membership fee collected is remitted to National and, therefore, is not included in revenue of the Ontario Council. The following is a breakdown of fees earned:

	2019	2018
National	\$ 2,380,860	\$ 2,383,980
Ontario	2,565,811	2,558,684
Units	756,648	761,160
	\$ 5,703,319	\$ 5,703,824

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Notes to Financial Statements (continued)

Year ended December 31, 2019

14. Cookie fundraising:

The Ontario Council sells cookies through its membership for fundraising purposes. The following is a breakdown of the fundraising activities:

	2019	2018
Funds collected from Units	\$ 11,174,799	\$ 10,896,914
Payments made to National for cookie purchases	(6,260,316)	(6,086,455)
Cookie fundraising fees	\$ 4,914,483	\$ 4,810,459

15. Investment income:

	2019	2018
Dividends and interest	\$ 2,113,126	\$ 1,614,965
Realized gain on sale of investments	5,472	4,691
Change in unrealized gain (loss) on investments	940,683	(1,381,631)
Management fees	(99,585)	(79,777)
Allocation to deferred contributions (note 10)	(77,401)	(26,338)
	\$ 2,882,295	\$ 131,910

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Notes to Financial Statements (continued)

Year ended December 31, 2019

16. Commitments and contingencies:

(a) Commitments:

The Ontario Council leases office space and equipment under operating leases expiring in 2030.

Future lease commitments under these arrangements are as follows:

2020	\$ 554,431
2021	556,788
2022	550,848
2023	548,868
2024	548,868
Thereafter	3,137,032
	<hr/>
	\$ 5,896,835

The Ontario Council has agreed to support the National Strategic Priorities by providing funding of \$220,000 for 2020.

(b) Contingencies:

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

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Notes to Financial Statements (continued)

Year ended December 31, 2019

17. Allocations:

The Ontario Council allocates direct expenses of office support and occupancy costs in its Central Office to respective operations. Salaries and benefits for fiscal 2019 and 2018 are allocated to the operations based on management's estimate of staff efforts in each department dedicated to the operations.

Total expenses subject to allocation are as follows:

	2019	2018
Salaries and benefits	\$ 3,852,305	\$ 3,926,517
Central office support	330,020	365,398
Occupancy costs	493,841	491,415
	<u>\$ 4,676,166</u>	<u>\$ 4,783,330</u>

The expenses noted above are allocated on the statement of operations as follows:

	2019	2018
Finance and administration	\$ 178,536	\$ 188,775
Departments/committees	4,222,477	4,305,092
Provincial council	275,153	289,463
	<u>\$ 4,676,166</u>	<u>\$ 4,783,330</u>

18. Financial risks:

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

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

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Notes to Financial Statements (continued)

Year ended December 31, 2019

18. Financial risks (continued):

Additionally, the Ontario Council 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.

There has been no change to the risk exposure from 2018.

19. Subsequent events:

- (a) Subsequent to December 31, 2019, the Ontario Council closed the sale of five properties for total proceeds of \$7,094,000.
- (b) Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our organization is not known at this time. These impacts could include a temporary decline in the market value of investments, membership activity, fundraising efforts, and camp activity. These events may have an adverse change in working capital which may also have a direct impact on net assets.

The current events and conditions are expected to be temporary. Girl Guides of Canada - Guides du Canada has responded to these events by reducing operating costs and delaying certain strategic investments.