

Financial Statements of

**GIRL GUIDES OF CANADA-
GUIDES DU CANADA,
NATIONAL OPERATIONS**

And Independent Auditors' Report thereon

Year ended December 31, 2018



KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITORS' REPORT

To the Members of Girl Guides of Canada - Guides du Canada, National Operations

Opinion

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

- the balance sheet as at December 31, 2018
- 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, 2018, 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 Information

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

- the information, other than the financial statements and the auditors' report thereon, included in Annual Report 2018 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 auditors' report thereon, included in Annual Report 2018 document as at the date of this auditors' 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 auditors' 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.



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.
- 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.



Page 4

- 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

May 20, 2019

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Balance Sheet

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 7,005,221	\$ 8,642,436
Accounts receivable (note 9)	1,780,760	848,788
Inventory (note 2)	830,362	495,810
Prepaid expenses	254,996	212,114
	<u>9,871,339</u>	<u>10,199,148</u>
Investments (note 3)	17,243,037	17,192,932
Property and equipment (note 4)	1,776,312	1,631,326
	<u>\$ 28,890,688</u>	<u>\$ 29,023,406</u>


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (notes 5 and 9)	\$ 1,123,762	\$ 844,338
Deferred revenue	4,799,469	4,772,376
	<u>5,923,231</u>	<u>5,616,714</u>
Deferred contributions (note 6)	902,101	950,334
Net assets:		
Unrestricted	16,855,554	17,438,952
Endowment funds (note 7)	1,566,094	1,565,989
Internally restricted (note 8)	1,867,396	1,820,091
Invested in property and equipment	1,776,312	1,631,326
	<u>22,065,356</u>	<u>22,456,358</u>
Commitments and contingencies (note 11)		
	<u>\$ 28,890,688</u>	<u>\$ 29,023,406</u>

See accompanying notes to financial statements.

On behalf of National operations:

 Chair of the Board

 Chief Executive Officer

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Membership fees	\$ 5,812,239	\$ 5,779,800
Fund development	4,032,850	3,628,177
Net investment income (note 10)	202,783	1,565,757
Sundry	619,903	982,879
Real property (note 9)	109,939	697,680
Canadian World Friendship Fund	234,637	204,110
	<u>11,012,351</u>	<u>12,858,403</u>
Merchandising (Schedule):		
Sales	3,581,222	4,201,601
Expenses	<u>(3,291,569)</u>	<u>(3,352,941)</u>
	289,653	848,660
	<u>11,302,004</u>	<u>13,707,063</u>
Expenses (note 13):		
Girl empowerment programs	4,134,733	3,142,872
Volunteer support and engagement	2,000,600	1,696,789
Strategy, marketing and communications	2,951,455	2,327,679
Fund development	1,436,627	1,210,212
Governance and administration	1,743,735	2,339,364
Canadian World Friendship Fund	234,637	204,110
World Association of Girl Guides and Girl Scouts	78,708	114,091
	<u>12,580,495</u>	<u>11,035,117</u>
Excess (deficiency) of revenue over expenses	\$ (1,278,491)	\$ 2,671,946

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

					2018	2017
	Unrestricted	Endowment funds	Internally restricted (note 8)	Invested in property and equipment	Total	Total
Balance, beginning of year	\$ 17,438,952	\$ 1,565,989	\$ 1,820,091	\$ 1,631,326	\$ 22,456,358	\$ 19,784,412
Excess (deficiency) of revenue over expenses	(833,292)	-	-	(445,199)	(1,278,491)	2,671,946
Interfund transfers:						
Endowment, net investment	(105)	105	-	-	-	-
Girl travel and events	(47,305)	-	47,305	-	-	-
Transfer from Provincial Councils (note 9)	887,489	-	-	-	887,489	-
Purchase of property and equipment	(590,185)	-	-	590,185	-	-
Balance, end of year	\$ 16,855,554	\$ 1,566,094	\$ 1,867,396	\$ 1,776,312	\$ 22,065,356	\$ 22,456,358

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (1,278,491)	\$ 2,671,946
Items not involving cash:		
Amortization of property and equipment	445,199	441,086
Unrealized loss (gain) on investments (note 10)	1,240,375	(590,848)
Deferred contributions realized	(288,637)	(258,110)
Realized investment income	(1,443,158)	(974,909)
Change in non-cash operating working capital:		
Accounts receivable	(931,972)	(465,632)
Inventory	(334,552)	(105,647)
Prepaid expenses	(42,882)	33,160
Accounts payable and accrued liabilities	279,424	(196,724)
Deferred revenue	27,093	67,391
	(2,327,601)	621,713
Financing activities:		
Deferred contributions received	278,957	319,787
Transfer from Provincial Councils	887,489	—
	1,166,446	319,787
Investing activities:		
Net change in investments	114,125	1,222,127
Purchase of property and equipment	(590,185)	(177,898)
	(476,060)	1,044,229
Increase (decrease) in cash	(1,637,215)	1,985,729
Cash, beginning of year	8,642,436	6,656,707
Cash, end of year	\$ 7,005,221	\$ 8,642,436

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements

Year ended December 31, 2018

The mission of Girl 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 Board of Directors (the "Board"). The Board delegates defined authority and responsibility to Provincial Councils, which promote and administer guiding within specific provinces and territories. Similarly, in addition to the Provincial Councils, there are Area and District Councils (collectively, the "Councils") that are responsible for guiding within a designated locality. 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 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 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:

Girl Guides of Canada-Guides du Canada, National Operations (the "Organization") functions through consultation, collaboration and sharing resources. Through the process of cooperation, the Board exercises significant influence rather than direct control over the operations of the Councils. These financial statements do not reflect the assets, liabilities, revenue or expenses of the Councils, each of which prepares separate financial statements.

The Organization has certain economic relationships with the Councils. The Organization collects national membership and registration fees on behalf of certain Councils. The Organization then remits the registration fees to the Councils. For those Councils collecting national membership and registration fees, the national membership fees are remitted to the Organization.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(b) Revenue recognition:

The Organization 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.

Revenue from members is invoiced for the period from November 1 to October 31. Deferred revenue represents the portion of revenue received from these sources that pertains to the next fiscal year.

Fund development includes cookie management recoveries, cookie fundraising, and donations. Cookie management recoveries represent surplus funds generated from the reconciliation of the costs of manufacturing cookies with the supplier and are recognized when the reconciliation has been completed. Cookie fundraising is recognized on an accrual basis based on the number of cases sold. General donations are recognized when received.

The Canadian World Friendship Fund ("CWFF") contains specified donations and net investment income from the Jean Youngson Fund, as described in note 1(f)(i). This fund helps support international guiding by assisting in travel expenses for international events and supporting girls and young women to attend training programs at a World Centre. The World Centre is a residential development centre where girls and young women acquire leadership and life skills. CWFF revenue is recognized when expenditures for international initiatives are incurred.

The Organization receives a portion of the net proceeds upon sale of real property assets by the Councils. This revenue is recognized when the title of the real property is transferred.

Investment income, which is recorded on the accrual basis, includes interest income and change in net unrealized gains.

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

Endowments are recognized as direct increases in net assets, are required to be maintained on a permanent basis and 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 are indicators of impairment. 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:

Merchandise inventory is measured at the lower of cost, determined on a first-in, first-out basis, and net realizable value. 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, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(e) Property and equipment:

Property and equipment 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:

Building	15 years
Office equipment and furniture	5 - 10 years
Computer equipment	3 years
Computer software	3 years

(f) Endowment funds:

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

(i) 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 CWFF.

(ii) Joan Fiskén 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.

(iii) Norma Osler Education Fund:

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(iv) Endowment Fund:

The Endowment Fund was established by the Organization 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.

(g) Internally restricted net assets:

These funds reflect assets designated by the Board to provide funds for operations and special purposes. These amounts are disclosed in note 8.

(h) 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.

(i) 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 \$138,263 (2017 - \$159,000).

(j) Allocation of general administrative expenses:

The Organization classifies expenses on the statement of operations by function. Certain officers and employees perform a combination of program, volunteer support, marketing, fundraising and administrative functions: as a result, certain salaries and benefits are allocated based on the number of people employed within a function. Other costs, including information management, legal, communications, amortization and facilities costs, have also been allocated based on the number of people employed within a function.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(k) 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 allocation of expenses. Actual results could differ from those estimates.

2. Inventory:

Inventory expensed to merchandising expenses during the year was \$1,388,323 (2017 - \$1,652,400). During the year, \$221,373 (2017 - \$8,304) was recorded as a write-down from cost to net realizable value to merchandising expenses. There were no reversals of previously recorded inventory write-downs during the year.

3. Investments:

The Organization's investments are held in one pooled fund.

4. Property and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 120,994	\$ -	\$ 120,994	\$ 120,994
Building	3,179,216	2,252,338	926,878	1,009,622
Office equipment and furniture	662,602	504,990	157,612	128,231
Computer equipment	427,017	395,512	31,505	58,682
Computer software	2,060,255	1,520,932	539,323	313,797
	\$ 6,450,084	\$ 4,673,772	\$ 1,776,312	\$ 1,631,326

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Property and equipment (continued):

Included in the allocated expenses in the statement of operations is amortization expense of \$445,199 (2017 - \$441,086).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2018 are government remittances payable of \$17,732 (2017 - \$15,339) relating to harmonized sales tax, payroll taxes, health taxes and workers' safety insurance.

6. Deferred contributions:

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for specific programs.

					2018	2017
	Diversity and inclusivity	CWFF	Scholarship program	Our Cabaña program	Total	Total
Balance, beginning of year	\$ 100,000	\$ 726,181	\$ 113,633	\$ 10,520	\$ 950,334	\$ 869,247
Donations/contributions	-	183,692	55,060	-	238,752	295,541
Investment income (note 10)	-	1,634	-	18	1,652	43,656
Recognized as revenue	-	(234,637)	(54,000)	-	(288,637)	(258,110)
Balance, end of year	\$ 100,000	\$ 676,870	\$ 114,693	\$ 10,538	\$ 902,101	\$ 950,334

7. Endowment funds:

	2018	2017
Jean Youngson Fund	\$ 463,733	\$ 463,733
Joan Fiskén Fund	5,000	5,000
Norma Osler Education Fund	136,895	140,380
Endowment Fund	960,466	956,876
	\$ 1,566,094	\$ 1,565,989

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

8. Internally restricted net assets:

The Board has internally restricted amounts for future initiatives. The internally restricted amounts are not available without approval of the Board.

	2018	2017
Cookie Stabilization	\$ 1,500,000	\$ 1,500,000
Girl travel and events	367,396	320,091
	\$ 1,867,396	\$ 1,820,091

9. Related party transactions:

The Organization has certain economic relationships with the Councils.

The Organization collected and remitted \$5,260,711 (2017 - \$5,211,455) in registration fees to Provincial Councils and, as such, does not reflect these amounts in these financial statements.

The Organization administers the purchase of cookies on behalf of the Provincial Councils. During the year, the Organization collected and remitted \$15,202,936 (2017 - \$11,802,590) and, as such, does not reflect these amounts in these financial statements.

The Provincial Councils are required to remit to National a portion of net proceeds from the sale of real properties. During the year, \$109,939 (2017 - \$697,680) was received.

Effective January 1, 2018, the Organization administers payroll on behalf of the Councils. During the year, the Organization paid and was reimbursed for \$7,089,431 (2017- nil) on behalf of the Councils.

Included in accounts receivable is \$1,111,945 (2017 - \$766,097) due from Provincial Councils and \$62,769 (2017 - nil) from Area and District Councils relating to membership fees and reimbursement of expenses paid on their behalf.

Included in accounts payable and accrued liabilities is \$65,339 (2017 - \$7,080) due to Provincial Councils for registration fees collected on their behalf.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Related party transactions (continued):

The Organization received \$887,489 (2017 - nil) from Provincial Councils to support National Strategic Priorities.

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.

10. Net investment income:

Net investment income is recorded as follows:

			2018	2017
	Realized investment income	Unrealized investment loss	Total	Total
Revenue in the statement of operations	\$ 1,443,158	\$ (1,240,375)	\$ 202,783	\$ 1,565,757
Deferred contributions (note 6)	40,205	(38,553)	1,652	43,656
	\$ 1,483,363	\$ (1,278,928)	\$ 204,435	\$ 1,609,413

11. Commitments and contingencies:

(a) Commitments:

The Organization is committed to a systems application development project and operating leases expiring with terms extending into 2023 for equipment with the following minimum annual payments:

2019	\$ 314,250
2020	20,250
2021	10,630
2022	5,260
2023	3,950
	\$ 354,340

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

11. Commitments and contingencies (continued):

(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 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.

12. Banking facilities:

The Organization has a \$463,000 operating line of credit available for use with a Canadian financial institution, bearing interest at prime plus 0.25%. At year end, the Organization had not drawn on this line of credit (2017 - nil). The Organization also has a letter of guarantee outstanding of nil. A general security agreement providing a first charge over all accounts receivable, inventory and equipment is in place for these facilities.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

13. Allocation of expenses:

The following table summarizes direct expenses and allocated expenses which are included in the statement of operations:

			2018	2017
	Direct expenses	Allocated expenses	Total	Total
Girl empowerment programs	\$ 2,639,111	\$ 1,495,622	\$ 4,134,733	\$ 3,142,872
Volunteer support and engagement	1,364,961	635,639	2,000,600	1,696,789
Strategy, marketing and communications	1,941,910	1,009,545	2,951,455	2,327,679
Fund development	1,062,721	373,906	1,436,627	1,210,212
Governance and administration	1,519,392	224,343	1,743,735	2,339,364
Canadian World Friendship Fund	234,637	–	234,637	204,110
World Association of Girl Guides and Girl Scouts	78,708	–	78,708	114,091
	\$ 8,841,440	\$ 3,739,055	\$ 12,580,495	\$ 11,035,117

14. 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.

There have been no changes to risk exposure from 2017.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2018

15. Comparative information:

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Schedule of Merchandising

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Sales	\$ 3,581,222	\$ 4,201,601
Cost of sales	2,656,482	2,783,542
Gross margin	924,740	1,418,059
Expenses:		
Human resources and administration	166,311	167,942
Shipping and postage	468,776	401,457
	635,087	569,399
Net contribution	\$ 289,653	\$ 848,660