

Financial Statements of

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

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, 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, 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.



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 2019 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 2019 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.



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- 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 24, 2020

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Balance Sheet

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 4,921,933	\$ 7,005,221
Accounts receivable (note 9)	1,447,629	1,780,760
Inventory (note 2)	1,728,178	830,362
Prepaid expenses	232,451	254,996
	<u>8,330,191</u>	<u>9,871,339</u>
Investments (note 3)	19,805,628	17,243,037
Property and equipment (note 4)	1,715,528	1,776,312
	<u>\$ 29,851,347</u>	<u>\$ 28,890,688</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (notes 5 and 9)	\$ 1,345,851	\$ 1,123,762
Deferred revenue	4,789,450	4,799,469
	<u>6,135,301</u>	<u>5,923,231</u>
Deferred contributions (note 6)	821,817	902,101
Net assets:		
Unrestricted	17,524,275	16,855,554
Endowment funds (note 7)	1,740,047	1,566,094
Internally restricted (note 8)	1,914,379	1,867,396
Invested in property and equipment	1,715,528	1,776,312
	<u>22,894,229</u>	<u>22,065,356</u>
Commitments and contingencies (note 11)		
Subsequent event (note 15)		
	<u>\$ 29,851,347</u>	<u>\$ 28,890,688</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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Membership fees	\$ 5,835,806	\$ 5,812,239
Fund development	4,385,655	4,032,850
Net investment income (note 10)	2,669,743	202,783
Sundry	619,911	619,903
Real property (note 9)	80,154	109,939
Canadian World Friendship Fund	295,325	234,637
	<u>13,886,594</u>	<u>11,012,351</u>
Merchandising (Schedule):		
Sales	4,324,647	3,581,222
Expenses	<u>(3,670,817)</u>	<u>(3,291,569)</u>
	653,830	289,653
	<u>14,540,424</u>	<u>11,302,004</u>
Expenses (note 13):		
Girl empowerment programs	3,960,457	4,134,733
Volunteer support and engagement	3,504,289	2,000,600
Strategy, marketing and communications	2,853,809	2,951,455
Fund development	1,514,605	1,436,627
Governance and administration	2,385,016	1,743,735
Canadian World Friendship Fund	295,325	234,637
World Association of Girl Guides and Girl Scouts	85,539	78,708
	<u>14,599,040</u>	<u>12,580,495</u>
Deficiency of revenue over expenses	<u>\$ (58,616)</u>	<u>\$ (1,278,491)</u>

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, 2019, with comparative information for 2018

					2019	2018
	Unrestricted	Endowment funds	Internally restricted (note 8)	Invested in property and equipment	Total	Total
Balance, beginning of year	\$ 16,855,554	\$ 1,566,094	\$ 1,867,396	\$ 1,776,312	\$ 22,065,356	\$ 22,456,358
Excess (deficiency) of revenue over expenses	342,055	–	–	(400,671)	(58,616)	(1,278,491)
Interfund transfers:						
Endowment, net investment	(173,953)	173,953	–	–	–	–
Girl travel and events	(46,983)	–	46,983	–	–	–
Transfer from Provincial Councils (note 9)	887,489	–	–	–	887,489	887,489
Purchase of property and equipment	(339,887)	–	–	339,887	–	–
Balance, end of year	\$ 17,524,275	\$ 1,740,047	\$ 1,914,379	\$ 1,715,528	\$ 22,894,229	\$ 22,065,356

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Statement of Cash Flows

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

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (58,616)	\$ (1,278,491)
Items not involving cash:		
Amortization of property and equipment	400,671	445,199
Unrealized (gain) loss on investments	(907,428)	1,240,375
Deferred contributions realized	(386,248)	(288,637)
Realized investment income	(1,762,315)	(1,443,158)
Change in non-cash operating working capital:		
Accounts receivable	333,131	(931,972)
Inventory	(897,816)	(334,552)
Prepaid expenses	22,545	(42,882)
Accounts payable and accrued liabilities	222,089	279,424
Deferred revenue	(10,019)	27,093
	<u>(3,044,006)</u>	<u>(2,327,601)</u>
Financing activities:		
Deferred contributions received	277,915	278,957
Transfer from Provincial Councils	887,489	887,489
	<u>1,165,404</u>	<u>1,166,446</u>
Investing activities:		
Net change in investments	135,201	114,125
Purchase of property and equipment	(339,887)	(590,185)
	<u>(204,686)</u>	<u>(476,060)</u>
Decrease in cash	(2,083,288)	(1,637,215)
Cash, beginning of year	7,005,221	8,642,436
Cash, end of year	<u>\$ 4,921,933</u>	<u>\$ 7,005,221</u>

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements

Year ended December 31, 2019

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 together with the Councils has undertaken a Board approved project to consolidate the financial activities across the country, referred to as the Nation-wide Financial Management Project. One outcome of this project is that, unless required by legislation, financial statements of the Provincial Councils will cease to exist within the next two years.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

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.

(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.

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 expenses 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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

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.

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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(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.

(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

Property and equipment are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to an organization's ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts.

(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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(ii) Joan Fiskens 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.

(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 \$172,172 (2018 - \$138,263).

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(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.

(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 \$1,715,537 (2018 - \$1,388,323). During the year, \$122,252 (2018 - \$221,373) 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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

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	\$ 120,994	\$ –	\$ 120,994	\$ 120,994
Building	3,179,216	2,360,820	818,396	926,878
Office equipment and furniture	662,602	532,964	129,638	157,612
Computer equipment	427,017	418,595	8,422	31,505
Computer software	2,400,141	1,762,063	638,078	539,323
	<u>\$ 6,789,970</u>	<u>\$ 5,074,442</u>	<u>\$ 1,715,528</u>	<u>\$ 1,776,312</u>

Included in computer software is \$332,930 (2018 - nil) of development costs related to the Nation-wide Financial Management Project. This software will be put into use in 2020.

Included in the allocated expenses in the statement of operations is amortization expense of \$400,671 (2018 - \$445,199).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2019 are government remittances payable of \$21,582 (2018 - \$17,732) relating to harmonized sales tax, payroll taxes, health taxes and workers' safety insurance.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Deferred contributions:

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

					2019	2018
	Diversity and inclusivity	CWFF	Scholarship program	Our Cabaña program	Total	Total
Balance, beginning of year	\$ 100,000	\$ 676,870	\$ 114,693	\$ 10,538	\$ 902,101	\$ 950,334
Donations/contributions	–	176,290	52,380	–	228,670	238,752
Investment income (note 10)	–	76,469	–	825	77,294	1,652
Recognized as revenue	(32,922)	(295,326)	(58,000)	–	(386,248)	(288,637)
Balance, end of year	\$ 67,078	\$ 634,303	\$ 109,073	\$ 11,363	\$ 821,817	\$ 902,101

7. Endowment funds:

	2019	2018
Jean Youngson Fund	\$ 463,733	\$ 463,733
Joan Fiskén Fund	5,000	5,000
Norma Osler Education Fund	152,464	136,895
Endowment Fund	1,118,850	960,466
	\$ 1,740,047	\$ 1,566,094

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.

	2019	2018
Cookie Stabilization	\$ 1,500,000	\$ 1,500,000
Girl travel and events	414,379	367,396
	\$ 1,914,379	\$ 1,867,396

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

9. Related party transactions:

The Organization has certain economic relationships with the Councils.

The Organization collected and remitted \$5,626,974 (2018 - \$5,260,711) 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 \$15,858,528 (2018 - \$15,202,936) 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, \$80,154 (2018 - \$109,939) 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 \$6,905,932 (2018 - \$7,089,431) on behalf of the Councils.

Included in accounts receivable is \$662,015 (2018 - \$1,111,945) due from Provincial Councils and \$26,624 (2018 - \$62,769) 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 \$30,581 (2018 - \$65,339) due to Provincial Councils for registration fees collected on their behalf.

The Organization received \$887,489 (2018 - \$887,489) from Provincial Councils to support National Strategic Priorities.

Included in deferred contributions are donations of \$176,290 (2018 - \$183,692) received during the year from Provincial Councils and designated for the CWFF.

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, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

10. Net investment income:

Net investment income is recorded as follows:

			2019	2018
	Realized investment income	Unrealized investment gain	Total	Total
Revenue in the statement of operations	\$ 1,762,315	\$ 907,428	\$ 2,669,743	\$ 202,783
Deferred contributions (note 6)	49,245	28,049	77,294	1,652
	\$ 1,811,560	\$ 935,477	\$ 2,747,037	\$ 204,435

11. Commitments and contingencies:

(a) Commitments:

The Organization is committed to operating leases expiring with terms extending into 2023 for equipment with the following minimum annual payments:

2020	\$ 20,250
2021	10,626
2022	5,262
2023	3,947
	\$ 40,085

(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.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

11. Commitments and contingencies (continued):

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:

During the year, the Organization cancelled the available line of credit and the related letter of guarantee. In the prior year, the Organization had not drawn on the \$463,000 operating line of credit.

13. Allocation of expenses:

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

			2019	2018
	Direct expenses	Allocated expenses	Total	Total
Girl empowerment programs	\$ 2,564,340	\$ 1,396,117	\$ 3,960,457	\$ 4,134,733
Volunteer support and engagement	2,728,668	775,621	3,504,289	2,000,600
Strategy, marketing and communications	1,884,283	969,526	2,853,809	2,951,455
Fund development	1,126,795	387,810	1,514,605	1,436,627
Governance and administration	2,035,987	349,029	2,385,016	1,743,735
Canadian World Friendship Fund	295,325	–	295,325	234,637
World Association of Girl Guides and Girl Scouts	85,539	–	85,539	78,708
	\$ 10,720,937	\$ 3,878,103	\$ 14,599,040	\$ 12,580,495

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Notes to Financial Statements (continued)

Year ended December 31, 2019

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 2018.

15. Subsequent event:

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 affect on the 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 merchandising sales. 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. The Organization has responded to these events by reducing operating costs and delaying certain strategic investments.

GIRL GUIDES OF CANADA-GUIDES DU CANADA, NATIONAL OPERATIONS

Schedule of Merchandising

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

	2019	2018
Sales	\$ 4,324,647	\$ 3,581,222
Cost of sales	3,030,265	2,656,482
Gross margin	1,294,382	924,740
Expenses:		
Human resources and administration	269,786	166,311
Shipping and postage	370,766	468,776
	640,552	635,087
Net contribution	\$ 653,830	\$ 289,653