

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2023
- 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, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in 2023 Annual Report document.

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in 2023 Annual Report document as at the date of this auditor's report.

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

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.



Page 4

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 1, 2024

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash (note 2)	\$ 41,661,933	\$ 36,280,547
Accounts receivable	745,378	598,433
Investments (note 4)	19,000,000	1,160,411
Inventory (note 3)	1,771,674	1,163,276
Prepaid expenses	1,817,352	1,317,969
Total current assets	64,996,337	40,520,636
Investments (note 4)	90,252,254	106,564,015
Capital assets (note 5)	10,248,082	10,251,180
Total assets	\$ 165,496,673	\$ 157,335,831

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 4,289,597	\$ 3,062,652
Investments held on behalf of Area and District Councils (note 4)	2,170,479	2,021,919
Due to Area and District Councils and Units (notes 2 and 12)	24,897,024	25,852,490
Deferred revenue (note 7)	5,420,882	4,522,859
Total current liabilities	36,777,982	35,459,920
Deferred capital contributions (note 8)	59,042	28,814
Deferred contributions - programs/events (note 8)	23,639,753	22,382,570
Lease inducements	265,648	288,323
Total liabilities	60,742,425	58,159,627
Net assets:		
Unrestricted	80,978,274	82,132,410
Endowment funds (note 9)	1,939,684	1,886,341
Internally restricted (note 11)	11,647,250	4,935,087
Invested in capital assets	10,189,040	10,222,366
	104,754,248	99,176,204
Commitments, contractual obligations and contingencies (note 15)		
Total liabilities and net assets	\$ 165,496,673	\$ 157,335,831

See accompanying notes to financial statements.

On behalf of the Organization:


Chair of the Board


Chief Executive Officer

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Membership fees	\$ 7,311,464	\$ 6,215,132
Cookie fundraising sales	22,766,019	12,439,696
Camping, conference, and event fees	1,357,691	355,717
Merchandise royalties and sales	906,728	2,413,674
Net investment income (note 13(a))	4,871,463	4,069,351
Other income	1,974,554	1,398,268
Amortization of deferred capital contributions (note 8)	13,135	10,702
Gain on sale of real property	333,670	2,914,180
Grants (note 14)	636,725	486,610
	<u>40,171,449</u>	<u>30,303,330</u>
Less:		
Cookie fundraising expenses	11,355,755	7,941,998
Merchandise expenses	146,571	2,222,528
	<u>11,502,326</u>	<u>10,164,526</u>
	28,669,123	20,138,804
Expenses:		
Girl experience:		
Program development	1,577,856	1,269,965
Subsidies and scholarships	355,121	230,872
Special experiences: camps, events, and travel	2,848,396	1,195,299
Camp properties and user space	1,691,616	1,222,413
Infrastructure and communications	1,790,606	1,286,341
Girl safety	522,623	493,401
	<u>8,786,218</u>	<u>5,698,291</u>
Member services:		
Customer care centre	1,002,460	825,650
Guider development	288,623	431,935
Infrastructure	1,809,466	1,562,140
	<u>3,100,549</u>	<u>2,819,725</u>
Governance and operations:		
Finance	3,425,196	3,673,407
Operations	3,301,019	2,119,948
Administration	3,696,762	3,895,642
Information technology	2,420,661	2,041,677
Human resources	893,593	670,049
Governance	718,941	519,181
Amortization	680,971	589,194
	<u>15,137,143</u>	<u>13,509,098</u>
	27,023,910	22,027,114
Excess (deficiency) of revenue over expenses before the undernoted	1,645,213	(1,888,310)
Unrealized gain (loss) on investments (note 13(b))	3,932,831	(12,851,332)
Excess (deficiency) of revenue over expenses	\$ 5,578,044	\$ (14,739,642)

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

					2023	2022
	Unrestricted	Endowment funds (note 9)	Internally restricted (note 11)	Invested in capital assets	Total	Total
Balance, beginning of year	\$ 82,132,410	\$ 1,886,341	\$ 4,935,087	\$ 10,222,366	\$ 99,176,204	\$ 113,915,846
Excess (deficiency) of revenue over expenses	6,471,596	–	–	(893,552)	5,578,044	(14,739,642)
Deferred capital contributions	43,363	–	–	(43,363)	–	–
Interfund transfers	(6,765,506)	53,343	6,712,163	–	–	–
Purchase of capital assets	(903,589)	–	–	903,589	–	–
Balance, end of year	\$ 80,978,274	\$ 1,939,684	\$ 11,647,250	\$ 10,189,040	\$ 104,754,248	\$ 99,176,204

See accompanying notes to financial statements.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 5,578,044	\$ (14,739,642)
Items not involving cash:		
Amortization of capital assets	680,971	589,194
Amortization of deferred capital contributions	(13,135)	(10,702)
Amortization of lease inducement	(22,675)	(22,676)
Unrealized loss (gain) on investments	(3,932,831)	12,851,332
Reinvested investment income	(3,559,616)	(3,288,756)
Realized loss on sale of investments	418,836	5,589
Deferred contributions realized	(1,127,876)	(413,574)
Gain on disposal of real property	(386,611)	(2,914,180)
Write off of capital assets	52,942	135,122
Non-cash rent on sale leaseback	470,250	627,000
	(1,841,701)	(7,181,293)
Change in non-cash operating working capital:		
Accounts receivable	(146,945)	964,875
Inventory	(608,398)	(20,523)
Prepaid expenses	(969,633)	(236,012)
Accounts payable and accrued liabilities	1,226,945	(1,430,907)
Investments held on behalf of Area and District Councils	148,560	(238,750)
Due to Area and District Councils and Units	(955,466)	(609,810)
Deferred capital contributions	43,363	-
Deferred revenue	898,023	594,509
Cash used in operating activities	(2,205,252)	(8,157,911)
Financing activities:		
Additions to deferred contributions	2,282,948	519,842
Investing activities:		
Net change in investments	5,647,894	(18,637,878)
Purchase of capital assets	(903,589)	(438,656)
Proceeds on sale of real property	559,385	3,243,093
Cash provided by (used in) investing activities	5,303,690	(15,833,441)
Increase (decrease) in cash	5,381,386	(23,471,510)
Cash, beginning of year	36,280,547	59,752,057
Cash, end of year	\$ 41,661,933	\$ 36,280,547

See accompanying notes to financial statements

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements

Year ended December 31, 2023

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

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

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

1. Significant accounting policies:

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

(a) Basis of presentation:

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

As the Board does not fully exercise control over the Local Councils and Units, with the exception of cash and investment balances that are held in comingled accounts, the assets, liabilities, revenue, and expenses of the Local Councils and Units have not been combined nor reported in these financial statements, as they are comprised of a large number of individually immaterial organizations.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

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

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

Royalties earned on the sale of merchandise is recognized in the period of sale. Revenue on the sale of merchandise sold directly to customers is recognized when shipped.

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

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

Net investment income includes interest and dividend income net of management fees and realized gains and losses on sale of investments. Restricted net investment income, including income earned on endowments is recorded in deferred contributions until the related expense is incurred. Unrealized gains and losses on investments are recognized as incurred.

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

External endowments are recognized as direct increases in net assets and are required to be maintained on a permanent basis. Only the revenue derived therefrom is available to support the Organization's activities, unless otherwise set out in the terms of the endowment.

(c) Financial instruments:

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

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

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

(d) Inventory:

Inventory consists primarily of cookie inventory related to current fundraising campaigns and is recorded at the lower of cost and net realizable value.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Capital assets:

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

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

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

(f) Asset retirement obligation:

The Organization recognizes a liability for an asset retirement obligation that results from normal operations in the year in which it is incurred and when a reasonable estimate of fair value can be made. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows.

(g) Leases and lease inducements:

Leases that the Organization enters into, which transfer substantially all benefits and risks associated with ownership of the property are recorded as capital leases. All other leases are accounted for as operating leases.

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) Net assets:

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

(i) Unrestricted:

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

(ii) Internally restricted net assets:

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

(iii) Endowment funds:

The Organization holds both internal and external endowments. The annual investment income earned from these endowments is used for specific purposes, in a manner consistent with the endowment agreement or the decision of the Board in the case of internal endowment funds. The unspent income amounts are reflected in endowment funds or deferred contributions on the statement of financial position, depending on the endowment agreement requirements.

(iv) Invested in capital assets:

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(i) Donated services:

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

(j) Pension plan:

The Organization maintains a defined contribution pension plan for employees. The expense for this plan is equal to the Organization's required contribution for the year. Pension expense for the year was \$340,794 (2022 - \$301,180).

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

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

The Organization holds funds for various Local Councils and Units for the purposes of day-to-day cash uses and investing activities. (note 2)

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

(ii) Investments held belonging to Local Councils:

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(l) Use of estimates:

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

2. Cash:

Cash includes \$24,897,024 (2022 - \$25,852,490) held on behalf of Local Councils and Units (note 12).

In addition, cash includes restricted cash of \$3,072,980 (2022 - \$1,474,366) for use in connection with the Outdoor Experience Fund (note 8)

3. Inventory:

	2023	2022
Cookies	\$ 1,714,934	\$ 1,103,175
Merchandise	56,740	60,101
	<u>\$ 1,771,674</u>	<u>\$ 1,163,276</u>

The merchandise inventory recognized as an expense during the year amounted to \$75,471 (2022 - \$1,238,349). During the year, \$182,022 (2022 - \$72,670) was recorded as a write-down from cost to net realizable value and included in merchandise expense and cookie fundraising expense.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Investments:

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

	2023	2022
Short-term:		
Guaranteed investment certificate, matured July 21, 2023, 2.4%	\$ –	\$ 160,411
Guaranteed investment certificate, maturing December 19, 2024, 4.83%	18,000,000	–
Guaranteed investment certificate, matured December 19, 2023, 4.94%	–	1,000,000
Guaranteed investment certificate, maturing June 10, 2024, 5.6%	1,000,000	–
	<u>19,000,000</u>	<u>1,160,411</u>
Long-term:		
Mutual funds	–	355,403
Segregated and pooled funds	89,922,372	87,884,476
Guaranteed investment certificates maturing December 19, 2024, 4.83%	–	18,000,000
The Winnipeg Foundation managed fund	329,882	315,747
Common shares - Brookfield Asset Management Inc.	–	8,389
	<u>90,252,254</u>	<u>106,564,015</u>
Total investments	\$ 109,252,254	\$ 107,724,426

Investments include \$2,170,479 (2022 - \$2,021,919) invested on behalf of Area and District Councils and \$18,000,000 (2022 - \$19,000,000) restricted for use in connection with the Outdoor Experience Fund (note 8).

In addition, \$1,000,000 (2022 – nil) has been pledged as collateral for a standby letter of credit with US Bank in connection with the Organization's credit card program.

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land and commemorative rock	\$ 547,133	\$ –	\$ 547,133	\$ 597,605
Land improvements	9,761	163	9,598	10,640
Buildings	12,471,362	4,726,867	7,744,495	8,117,749
Leasehold improvements	1,007,655	630,213	377,442	440,408
Office equipment and furniture	2,164,758	1,977,101	187,657	275,397
Computer equipment	945,513	897,764	47,749	43,521
Computer software	3,841,081	2,592,073	1,249,008	675,860
Asset retirement obligation	100,000	15,000	85,000	90,000
Automobile	5,925	5,925	–	–
	\$ 21,093,188	\$ 10,845,106	\$ 10,248,082	\$ 10,251,180

Computer software includes nil (2022 - \$388,098) of projects in process.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2023 are government remittances payable of \$12,189 (2022 - \$5,550) relating to harmonized sales tax, payroll taxes, employer health taxes and workers' safety insurance.

7. Deferred revenue:

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

	2023	2022
Membership fees	\$ 5,284,260	\$ 4,469,912
Camping and programs	136,622	52,947
	\$ 5,420,882	\$ 4,522,859

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Deferred contributions:

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

			2023	2022
	Capital investment	Programs/ events	Total	Total
Balance, beginning of year	\$ 28,814	\$ 22,382,570	\$ 22,411,384	\$ 22,315,818
Contributions	43,363	1,284,040	1,327,403	191,124
Investment income, inclusive of unrealized loss on investments (note 13)	–	1,101,019	1,101,019	328,718
Recognized as revenue	(13,135)	(1,127,876)	(1,141,011)	(424,276)
	\$ 59,042	\$ 23,639,753	\$ 23,698,795	\$ 22,411,384

The Ontario Council's deferred contribution balance includes the Outdoor Experience Fund amounting to \$21,114,375 (2022 - \$20,558,904). These funds are restricted by court orders to be used for camping and other outdoor experiences for members in Ontario and Nunavut.

9. Endowment funds:

	2023	2022
External endowment funds:		
Norma Osler Education Fund	\$ 156,658	\$ 154,289
Daphne Sebag-Montefiore	30,000	30,000
Others	22,000	22,000
Internal endowment funds:		
Endowment fund - Capital reserve	1,267,293	1,216,319
Jean Youngson Fund	463,733	463,733
	\$ 1,939,684	\$ 1,886,341

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Endowment funds (continued):

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

(a) External endowment funds

(i) Norma Osler Education Fund:

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

(ii) Daphne Sebag-Montefiore Fund:

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

(b) Internal endowment funds

(i) Endowment fund - Capital reserve:

The Organization established an internally restricted fund to create a capital reserve to supplement the annual budget. Until the capital in the fund reaches \$1,000,000, all investment income will be reinvested in the fund. Thereafter, until the capital reaches \$2,000,000, up to 50% of the earned income will be available for special purposes. The Board can determine the usage of funds following the fund reaching \$2,000,000. Approximately \$300,000 was donated to this fund, with the balance resulting from investment income reinvested in the fund.

(ii) Jean Youngson Fund:

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Endowment funds held by Vancouver Foundation:

The British Columbia ("BC") Council receives unrestricted contributions from an endowed fund controlled by the Vancouver Foundation of \$1,797,357 (2022 - \$1,706,330). As the funds are endowed, BC Council does not have rights to the capital, as such this endowed fund is not recorded in these financial statements. In 2023, distributions of \$83,582 were made to the BC Council (2022 - \$81,918).

11. Internally restricted net assets:

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

	2023	2022
National	\$ 8,500,000	\$ 1,682,251
Alberta	1,040,430	1,089,947
British Columbia	726,848	670,485
Ontario	711,087	515,931
Saskatchewan	365,382	363,122
Nova Scotia	150,000	149,669
New Brunswick	–	226,524
Manitoba	151,879	152,379
Newfoundland	1,624	84,779
	<u>\$ 11,647,250</u>	<u>\$ 4,935,087</u>

12. Related party transactions:

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

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Related party transactions (continued):

Provincial and Local Councils are required to remit to National Operations a portion of net proceeds from the sale of real properties. During the year, nil (2022 - \$11,922) was received from Local Councils and is included in the gain on sale of real property on the statement of operations.

Provincial Councils contribute to shared expenses through a cost recovery model. Certain Provincial Councils pass a portion of these costs onto Area Councils. Included in operations expense is a recovery of nil (2022 - \$433,278), being the portion allocated to Area Councils.

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

13. Net investment income:

(a) Net investment income:

	2023	2022
Dividends and interest	\$ 6,730,259	\$ 4,972,115
Realized losses on sale of investments	(418,757)	(5,137)
Management fees	(298,822)	(303,964)
Net realized investment income	6,012,680	4,663,014
Allocated to deferred contributions (note 8)	(1,050,907)	(512,710)
Allocated to Area and District Councils not included in these financial statements	(90,310)	(80,953)
Realized investment income recognized in the statement of operations	\$ 4,871,463	\$ 4,069,351

(b) Unrealized gain (loss) on investments:

	2023	2022
Unrealized gain (loss) on investments	\$ 4,063,033	\$ (13,341,910)
Allocated to deferred contributions (note 8)	(50,112)	183,992
Allocated to Area and District Councils not included in these financial statements	(80,090)	306,586
Unrealized gain (loss) on investments recognized in the statement of operations	\$ 3,932,831	\$ (12,851,332)

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

14. Grants:

	2023	2022
Federal government departments	\$ 360,634	\$ 243,775
Provincial government agencies	241,591	242,835
Foundations and community programs	34,500	–
	<u>\$ 636,725</u>	<u>\$ 486,610</u>

The Organization has recognized revenue related to various grants during the year, comprised materially from Alberta Lottery & Gaming Grant, Saskatchewan Lotteries Trust Fund Grant, Saskatchewan Parks and Recreation Association, Government of Canada under the Community Services Recovery Fund, General Motors (GM) Foundation Grant and McCall MacBain Foundation Grant.

15. Commitments, contractual obligations and contingencies:

(a) Commitments:

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

2024	\$ 1,609,000
2025	1,062,000
2026	726,000
2027	603,000
2028	603,000
Thereafter	856,000
	<u>\$ 5,459,000</u>

(b) Contractual obligations:

The Organization has entered into obligations related to the purchase, storage and distribution of cookies in the amount of approximately \$9,700,000 for 2024 (2023 - \$10,600,000).

GIRL GUIDES OF CANADA-GUIDES DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

(c) Contingencies:

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

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

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

16. Financial risks:

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

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

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

17. Sale and leaseback transaction:

On September 27, 2021, the Organization closed the sale of the property and building at 50 Merton Steet, Toronto, Ontario for net proceeds of approximately \$40,000,000. The Organization leased the entire property and building back for a term of two years at \$1 per year, expiring on September 26, 2023, and subsequently extended the leaseback to December 31, 2023 for an additional \$2.