

**Girls E-Mentorship
Innovation Inc.**

Financial Statements
June 30, 2020



Independent auditor's report

To the Board of Directors of Girls E-Mentorship Innovation Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Girls E-Mentorship Innovation Inc. (the Company) as at June 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at June 30, 2020;
- the statement of income 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
- the notes to the financial statements, which include a summary of significant accounting policies.

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 report.

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

Independence

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

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 these 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 Company'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 Company'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 Company 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.



We 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Ontario
November 9, 2020

Girls E-Mentorship Innovation Inc.

Statement of Financial Position

As at June 30, 2020

	June 30, 2020 \$	June 30, 2019 \$ (restated – note 2)
Assets		
Current assets		
Cash	506,684	308,046
Accounts receivable	22,623	33,046
	<hr/> 529,307	<hr/> 341,092
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	13,043	16,867
Deferred contributions (note 5)	2,032	2,032
	<hr/> 15,075	<hr/> 18,899
Net Assets		
Unrestricted	514,232	322,193
	<hr/> 529,307	<hr/> 341,092
Lease commitment (note 6)		
Economic dependence (note 8)		

The accompanying notes are an integral part of these financial statements.

Girls E-Mentorship Innovation Inc.

Statement of Income

	Year ended June 30, 2020 \$	Period from December 31, 2018 to June 30, 2019 \$ (restated – note 2)
Revenue		
Contributions (notes 7 and 9)	510,622	196,771
Expenses		
Consulting fees	93,148	37,073
Program management costs	174,252	83,853
Other	8,682	15,665
Occupancy costs	18,229	7,351
Administrative	4,272	2,277
Scholarship awards	20,000	7,000
	318,583	153,219
Net income for the period	192,039	43,552

The accompanying notes are an integral part of these financial statements.

Girls E-Mentorship Innovation Inc.

Statement of Changes in Net Assets

	Year ended June 30, 2020 \$	Period from December 31, 2018 to June 30, 2019 \$ (restated – note 2)
Balance – Beginning of period	322,193	278,641
Net income for the period	192,039	43,552
Balance – End of period	<u>514,232</u>	<u>322,193</u>

The accompanying notes are an integral part of these financial statements.

Girls E-Mentorship Innovation Inc.

Statement of Cash Flows

	Year ended June 30, 2020 \$	Period from December 31, 2018 to June 30, 2019 \$ (restated – note 2)
Cash provided by (used in)		
Operating activities		
Net income for the period	192,039	43,552
Changes in non-cash operating working capital		
Amounts receivable	10,423	(20,885)
Accounts payable and accrued liabilities	(3,824)	9,367
	<hr/>	<hr/>
Increase in cash during the period	198,638	32,034
Cash – Beginning of period	<hr/> 308,046	<hr/> 276,012
Cash – End of period	<hr/> 506,684	<hr/> 308,046

The accompanying notes are an integral part of these financial statements.

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

June 30, 2020

1 Nature of the organization

Girls E-Mentorship Innovation Inc. (GEM) is a registered charitable club incorporated without share capital under the Corporations Act (Ontario) on December 11, 2012. Its principal activities include providing electronic and in-person mentorship to at-risk girls in grades 11 and 12 by connecting them with female professional mentors in the GTA.

GEM is exempt from income taxes in Canada as it is designated as a registered charitable organization pursuant to paragraph 149(1)(f) of the Income Tax Act (Canada).

During the six-month period ended June 30, 2019, GEM elected to change their fiscal year-end to June 30, 2019.

2 Prior period adjustment

The prior period figures have been restated to appropriately recognize the revenue and expense transactions related to the six-month period ended June 30, 2019. Contributions receivable of \$15,000 as at June 30, 2019 were recognized in the current fiscal year. In addition, an erroneous entry of \$4,583 was made in the prior period relating to both contributions and cash because received amounts were excluded from cash but should have been included. Lastly, prior period expenses totalling \$3,367 were not accrued for in the six-month period ended June 30, 2019. To account for these transactions, the following adjustments were made:

	As previously stated \$	Increase \$	As restated \$
Balance sheet			
Cash	303,463	4,583	308,046
Accounts receivable	18,046	15,000	33,046
Accounts payable and accrued liabilities	13,500	3,367	16,867
Net assets unrestricted	305,977	16,216	322,193
Statement of income			
Contributions	177,188	19,583	196,771
Consulting fees	36,678	395	37,073
Other	13,693	1,972	15,665
Scholarship awards	6,000	1,000	7,000
Statement of changes in net assets			
Net income for the period	27,336	16,216	43,552
Balance – End of period	305,977	16,216	322,193

The statement of cash flows was updated accordingly as a result of these changes.

3 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) applied within the framework of the accounting policies summarized below.

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

June 30, 2020

Revenue recognition

GEM follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Contributed services and donations in-kind

Contributed materials and services are not recognized in the financial statements. Volunteers make a substantial contribution of time each year to assist GEM in carrying out its activities. Due to the difficulty in determining the fair value of such volunteer services, they are not recognized in these financial statements.

Financial instruments

GEM initially measures its financial instruments at fair value. GEM subsequently measures all its financial instruments at amortized cost, unless management has elected to carry the instrument at fair value.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The significant global uncertainty resulting from the COVID-19 pandemic may have an impact on GEM's recoverability of assets and liquidity position. Based on GEM's assessment, COVID-19 did not have any significant impact on revenue, expenses, assets and liabilities reported as at June 30, 2020 and for the year then ended. However, COVID-19 may have an impact on future periods, which is undeterminable at this time. GEM continues to assess the ongoing impacts or potential impacts of the COVID-19 outbreak on revenue, expenses, assets and liabilities. Uncertainty about assumptions and estimates related to these items could result in a material adjustment to the carrying value of the asset or liability affected.

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

June 30, 2020

4 Financial instruments

It is management's opinion that GEM is not exposed to significant credit, foreign exchange and market risks. Exposure to liquidity risk is as follows.

Liquidity risk

Liquidity risk is the risk GEM will not be able to meet its financial obligations when they come due. GEM manages its liquidity risk by forecasting cash flows from operations and anticipating activities to ensure it has sufficient available funds to meet current and foreseeable financial requirements. Given GEM's available liquid resources as compared to the timing of the payment of liabilities, management assesses GEM's liquidity risk to be low.

5 Deferred contributions

The changes for the period in the deferred contributions balance are as follows:

	Year ended June 30, 2020 \$	Period from December 31, 2018 to June 30, 2019 \$
Balance – Beginning of period	2,032	2,032
Amounts recognized	-	-
Balance – End of period	<u>2,032</u>	<u>2,032</u>

6 Lease commitment

GEM leased its office space under an operating lease on a month-to-month basis for \$1,670 per month.

7 Related parties

GEM is related to E-L Financial Corporation Limited (E-L) and certain other private companies by virtue of GEM's management being related to the management of E-L and related to the beneficial ownership of certain other private companies. In the year ended June 30, 2020, E-L's wholly owned subsidiary and these certain other private companies made contributions to GEM in the amount of \$72,500 (six-month period ended June 30, 2019 – \$25,000).

GEM recognized the contributions using the exchange amount, which is the amount agreed on by both parties. All related party transactions occurred in the normal course of business.

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

June 30, 2020

8 Economic dependence

E-L's wholly owned subsidiary and certain other private companies (note 7) are significant contributors to GEM, accounting for 14% (six-month period ended June 30, 2019 – 14%) of its revenue.

9 Canada Emergency Wage Subsidy (CEWS)

GEM has applied for governmental assistance related to the COVID-19 pandemic. The CEWS program provides a subsidy of 75% of eligible wages for up to three months retroactive for qualifying amounts from March 15, 2020. GEM has met the subsidy condition of a drop in gross revenues of at least 30% in May. GEM has received \$9,287 in subsidies from the CEWS program, which has been recognized as contributions revenue.