

**Girls E-Mentorship
Innovation Inc.**

Financial Statements
December 31, 2016



July 28, 2017

Independent Auditor's Report

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

We have audited the accompanying financial statements of Girls E-Mentorship Innovation Inc., which comprise the statement of financial position as at December 31, 2016 and the statements of income, changes in net assets and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Girls E-Mentorship Innovation Inc. as at December 31, 2016 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Girls E-Mentorship Innovation Inc.

Statement of Financial Position

As at December 31, 2016

	2016 \$	2015 \$ (restated - note 2)
Assets		
Current assets		
Cash	115,084	60,315
Accounts receivable	2,557	2,449
	<hr/> 117,641	<hr/> 62,764
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	17,225	8,306
Deferred contributions (note 5)	3,275	4,265
	<hr/> 20,500	<hr/> 12,571
Net Assets		
Unrestricted	97,141	50,193
	<hr/> 117,641	<hr/> 62,764
Lease commitment (note 6)		

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

Girls E-Mentorship Innovation Inc.

Statement of Income

For the year ended December 31, 2016

	2016 \$	2015 \$ (restated - note 2)
Revenue		
Contributions (note 7)	194,116	127,244
Expenses		
Consulting fees	58,395	42,391
Program management costs	53,959	61,878
Other	12,749	1,893
Occupancy costs	11,548	7,200
Administrative	8,267	3,946
Scholarship awards	2,250	-
	147,168	117,308
Net income for the year	46,948	9,936

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

Girls E-Mentorship Innovation Inc.

Statement of Changes in Net Assets

For the year ended December 31, 2016

	2016 \$	2015 \$ (restated - note 2)
Balance - Beginning of year	50,193	40,257
Net income for the year	46,948	9,936
Balance - End of year	<u>97,141</u>	<u>50,193</u>

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

Girls E-Mentorship Innovation Inc.

Statement of Cash Flows

For the year ended December 31, 2016

	2016 \$	2015 \$ (restated - note 2)
Cash provided by (used in)		
Operating activities		
Net income for the year	46,948	9,936
Change in non-cash operating working capital		
Amounts receivable	(108)	(682)
Accounts payable and accrued liabilities	8,919	2,070
Deferred contributions	(990)	765
	<hr/>	<hr/>
Increase in cash during the year	54,769	12,089
Cash - Beginning of year	<hr/> 60,315	<hr/> 48,226
Cash - End of year	<hr/> 115,084	<hr/> 60,315

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

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

December 31, 2016

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).

2 Restatement of prior period figures

During the year, it was noted that certain consulting fees were not appropriately accrued for in the current or previous years. As a result, the accrued liabilities and the related expense was understated as follows:

	2015		
	Cost \$	Accumulated amortization \$	Net \$
Statement of financial position			
Accounts receivable	1,783	666	2,449
Accounts payable and accrued liabilities	-	8,306	8,306
Unrestricted net assets - End of year	57,833	(7,640)	50,193
Statement of income and cash flows			
Consulting fees	40,987	1,404	42,391
Net income for the year	11,340	(1,404)	9,936
Statement of changes in net assets			
Unrestricted net assets - Beginning of year	46,493	(6,236)	40,257

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.

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.

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

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Externally restricted contributions are recognized as revenue in the year 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.

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.

Girls E-Mentorship Innovation Inc.

Notes to Financial Statements

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5 Deferred contributions

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

	2016 \$	2015 \$
Balance - Beginning of year	4,265	3,500
Contributions received	2,350	5,000
Amounts recognized	(3,340)	(4,235)
	<hr/>	<hr/>
Balance - End of year	3,275	4,265

6 Lease commitment

GEM leases its office space under an operating lease for \$820 per month. The lease expires on January 31, 2017. Subsequent to year end, GEM renewed the lease for \$905 per month, which expires on July 31, 2017. The aggregate annual lease payment for fiscal 2017 is \$6,250.

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 2016, E-L's wholly owned subsidiary and these certain other private companies made contributions to GEM in the amount of \$45,000 (2015 - \$30,000).

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.

8 Economic dependence

E-L's wholly owned subsidiary and certain other private companies (note 7) are significant contributors to GEM, accounting for 23% (2015 - 24%) of its revenues.