

Canada SOS: Students Offering Support
(o/a Students Offering Support)
Financial Statements
For the Year Ended August 31, 2016

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Financial Statements
For the Year Ended August 31, 2016**

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**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Statement of Financial Position**

As at August 31

2016

2015

Assets

Current

Cash (Note 3)	\$ 119,402	\$ 114,299
Accounts receivable (Note 4)	16,601	11,575
Inventory	1,976	3,863
Prepaid expenses	1,753	1,333
	<u>\$ 139,732</u>	<u>\$ 131,070</u>

Liabilities and Net Assets

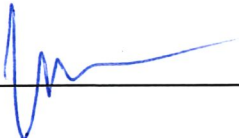
Current

Accounts payable and accrued liabilities (Note 5)	\$ 31,687	\$ 26,026
Deferred contributions (Note 6)	24,433	8,333
	<u>\$ 56,120</u>	<u>\$ 34,359</u>

Net Assets (Note 7)

Internally restricted	\$ -	\$ 9,314
Unrestricted	83,612	87,397
	<u>\$ 83,612</u>	<u>\$ 96,711</u>
	<u>\$ 139,732</u>	<u>\$ 131,070</u>

Approved on behalf of the Board:



, Director

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Statement of Changes in Net Assets**

For the Year Ended August 31	2016	2015
Internally restricted net assets, beginning of year	\$ 9,314	\$ 57,355
Allocation to unrestricted net assets (Note 7)	<u>(9,314)</u>	<u>(48,041)</u>
Internally restricted net assets, end of year	\$ -	\$ 9,314
Unrestricted net assets, beginning of year	\$ 87,397	\$ 124,254
Deficiency of revenue over expenses for the year	\$ (13,099)	\$ (84,898)
Allocation from internally restricted net assets	<u>9,314</u>	<u>48,041</u>
Unrestricted net assets, end of year	\$ 83,612	\$ 87,397

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Statement of Operations**

For the Year Ended August 31	2016	2015
Revenue		
Exam-AID fundraising	\$ 358,629	\$ 345,867
Outreach trip participant fees	323,424	373,489
Sponsorship	18,938	65,512
Donations	9,949	14,738
Other	39,863	46,485
	<u>\$ 750,803</u>	<u>\$ 846,091</u>
Expenses		
Head office (Schedule of Expenses, pg 6)	\$ 436,887	\$ 561,362
Outreach: project construction costs	261,114	318,807
Chapters (Schedule of Expenses, pg 6)	61,984	46,693
Foreign exchange loss (gain)	2,029	(4,835)
Merchandise	1,888	8,962
	<u>\$ 763,902</u>	<u>\$ 930,989</u>
Deficiency of revenue over expenses for the year	<u>\$ (13,099)</u>	<u>\$ (84,898)</u>

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Schedule of Expenses**

For the Year Ended August 31

2016

2015

Head Office

Outreach trip costs (flights, room & board)	\$ 262,214	\$ 353,614
Salary and wages	128,540	148,900
Office	29,657	25,513
Professional fees	13,560	13,560
Marketing and business development	1,025	14,778
IT development	780	3,663
Other	1,111	1,334
	\$ 436,887	\$ 561,362

Chapters

Marketing	\$ 33,308	\$ 28,710
Administrative	13,161	7,294
Human resources	7,036	4,616
Logistics	4,362	4,335
Outreach	2,443	813
Business development	1,674	925
	\$ 61,984	\$ 46,693

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Statement of Cash Flows**

For the Year Ended August 31	2016	2015
Net cash flows from/(used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ (13,099)	\$ (84,898)
Item not involving cash		
Amortization of deferred contributions, operating	(10,000)	(32,564)
	<u>\$ (23,099)</u>	<u>\$ (117,462)</u>
Change in non-cash working capital balances		
Decrease / (increase) in accounts receivable	\$ (5,026)	\$ 66,321
Decrease / (increase) in inventory	1,887	4,602
Decrease / (increase) in prepaid expenses	(420)	-
(Decrease) / increase in accounts payable and accrued liabilities	5,661	1,405
	<u>\$ 2,102</u>	<u>\$ (45,134)</u>
Net cash flows from/(used in) financing activities		
Deferred contributions	<u>\$ 26,100</u>	<u>\$ 10,000</u>
Increase / (decrease) in cash during the year	5,103	(35,134)
Cash, beginning of the year	\$ 114,299	\$ 149,433
Cash, end of year	\$ 119,402	\$ 114,299

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Statement of Cash Flows**

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	<u>\$ 2,102</u>	<u>\$ (45,134)</u>
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Cash, end of year	\$ 119,402	\$ 114,299

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Notes to the Financial Statements**

August 31, 2016

1. Nature of Operations

Canada SOS: Students Offering Support (o/a Students Offering Support) (the "organization") is incorporated without share capital under the Ontario Business Corporations Act. The organization is a Canadian registered charity that develops and supports SOS chapters residing within post-secondary schools across North America. Each SOS chapter raises money through holding "Exam-AID" group review sessions for university and college students. Revenues generated by the chapters from Exam-AID sessions and other on campus events, net of the related chapter expenses, are used to fund community development projects in rural Latin America, built by volunteers on outreach trips.

2. Significant Account Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are being prepared under Part III of the CPA Canada Handbook: Accounting Standards for Not-for-Profit Enterprises.

Revenue Recognition

Exam-AID Fundraising: Exam-AID fundraising consists of amounts collected in relation to Exam-AID sessions. Revenues from Exam-AID fundraising are recognized on the date that the session takes place.

Outreach Trip Participant Fees: Participant fees consist of amounts collected in relation to participation on one of SOS's International Outreach Trips. Revenues are recognized on commencement of the trip and when collectability is reasonably assured.

Sponsorship and Donations: The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Other Revenue: These funds consist of amounts raised through on-campus and national events. Revenues are recognized on the date that an event takes place.

Contributed Services

Volunteers contribute a significant amount of time to the organization's program and supporting services. Due to the difficulty of determining the fair value, contributed time is not recognized in the financial statements.

Inventory

Inventory is recorded at the lower of cost and replacement cost. Cost is determined on a weighted average basis.

**Canada SOS: Students Offering Support
(o/a Students Offering Support)
Notes to the Financial Statements**

August 31, 2016

Income Taxes	The organization is a registered charity, and as such, is not subject to income taxes.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses recognized during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.
Financial Instruments	<p>The organization initially measures its financial assets and liabilities at fair value, and subsequently at amortized cost. The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and deferred contributions.</p> <p>Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment and the amount of the write-down is recognized in net income when incurred. The organization recognizes transaction costs in net income in the period incurred.</p>
Variable Interest Entities	The organization has neither identified nor consolidated the accounts of any variable interest entities.
Foreign Currency Translation	Monetary assets and liabilities of the organization which are denominated in foreign currencies are translated at year end exchange rates. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in foreign exchange loss on the statement of operations.
Harmonized Sales Tax	The organization claims a 50% rebate for the Federal portion of the HST and 82% for the Provincial portion of the HST paid on all qualified expenditures.

3. Cash

The organization's bank accounts are held at various chartered banks and earn interest at nominal interest rates. The chapter bank accounts are managed by the individual chapters and the head office bank account is managed by the head office. As at August 31, 2016 the cash balance includes \$95,384 (2015 - \$99,434) held in the head office bank account.

**Canada SOS: Students Offering Support
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Notes to the Financial Statements**

August 31, 2016

4. Accounts Receivable

	2016	2015
Trade receivables	\$2,419	\$3,483
HST input tax credits receivable	14,182	8,092
	<u>\$16,601</u>	<u>\$11,575</u>

5. Accounts Payable and Accrued Liabilities

	2016	2015
Trade accounts payable and accruals	\$22,938	\$15,176
Wages payable	4,092	8,051
Government remittances payable	4,657	2,799
	<u>\$31,687</u>	<u>\$26,026</u>

6. Deferred Contributions

	2016	2015
Balance, beginning of year	\$8,333	\$30,897
Revenue recognized	(10,000)	(32,564)
Contributions received	26,100	10,000
	<u>\$ 24,433</u>	<u>\$ 8,333</u>

7. Internally Restricted Net Assets

Previously, the organization's policy was to internally restrict a portion of its cash balance for its Charity Development Fund. The fund was internally designated for the purpose of contributing to capital projects with the organization's NGO partners. Beginning in 2016, the organization is no longer internally restricting a portion of its cash balance. There was no change to the process for selecting NGO partners or projects. Consistent with prior periods, the organization selects NGO partners and projects on an annual basis and funds are sent based on project requirements.

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Notes to the Financial Statements**

August 31, 2016

8. Financial Instruments

The organization is exposed to various risks through its financial instruments. The following provides a measure of the organization's risk at August 31, 2016.

Credit Risk: The organization mitigates credit risk by considering credit worthiness when granting credit terms to its chapters and trip participants. The organization's exposure to credit risk is monitored by management who feels that recorded allowances are adequate.

Market Risk: Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk is comprised of three types of risk: currency risk, interest rate risk and other price risk. The organization is exposed to currency risk.

Currency Risk: The organization's activities involve holding foreign currencies and making purchases and collections of contributions denominated in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates. At the balance sheet date, the organization had net assets denominated in U.S. dollars of approximately \$7,349 (2015 - \$63,688).

9. Commitments

The organization leased office premises at 326 1/2 Bloor Street West under an operating lease expiring on May 31, 2017. On June 1, 2017, the organization entered into a new lease for office premises at 215 Spadina Ave. Rental payments over the next two years are as follows:

	2017	2018
326 1/2 Bloor St West (to May 31, 2017)	\$11,070	\$-
215 Spadina Ave (June 1, 2017 to August 31, 2018)	3,750	3,750
	<u>\$14,820</u>	<u>\$3,750</u>

10. Comparative Amounts

Certain of the 2015 figures presented for comparative purposes have been reclassified to conform to the basis of presentation followed in 2016.