

# **Financial Statements**

## **Canada SOS: Students Offering Support**

Toronto, Ontario

*August 31, 2020*

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## **Independent Auditors' Report**

### **To the Members of Canada SOS: Students Offering Support:**

#### **Report on the Audit of the Financial Statements**

##### **Qualified Opinion**

We have audited the financial statements of Canada SOS: Students Offering Support, which comprise the statement of financial position as at August 31, 2020 and the statements of accumulated surplus, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Canada SOS: Students Offering Support as at August 31, 2020, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

##### **Basis for Qualified Opinion**

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Corporation. Therefore, we are not able to determine whether any adjustments might be necessary to donations revenue, deficit and cash flows from operations for the year ended August 31, 2020 and current assets and net assets for the year ended August 31, 2020.

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 report. We are independent of the Corporation 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 qualified opinion.

##### **Other Matter**

The financial statements of Canada SOS: Students Offering Support for the year ended August 31, 2019 were audited by another auditor who expressed a qualified opinion on those statements on April 20, 2020.

## **Independent Auditors' Report - continued**

### **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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditors' Report - continued

- 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 Corporation'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 Corporation 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.

Toronto, Ontario  
April 6, 2021

A handwritten signature in cursive script that reads "Prentice Yatch & Clark".

Chartered Professional Accountants, Licensed Public Accountants



## Canada SOS: Students Offering Support

August 31, 2020

<b>Statement of Financial Position</b>	2020	2019
		Note 4
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 18,169	\$ 34,744
Deferred revenue	9,081	11,937
Deferred government assistance	15,263	0
<b>Total Current</b>	42,513	46,681
<b>Long-Term Liabilities</b>		
Canada Emergency Business Account (CEBA) loan, Note 3	35,604	0
Deferred government assistance	2,575	0
<b>Total Long-Term Liabilities</b>	38,179	0
<b>Total Liabilities</b>	80,692	46,681
<b>Net Assets</b>		
<i>Unrestricted</i>		
Accumulated surplus, per statement	31,479	30,470
	112,171	77,151

The notes on pages 12 through 15 form an integral part of these financial statements.

## Canada SOS: Students Offering Support

*Year ended August 31, 2020*

<b>Statement of Accumulated Surplus</b>	2020	2019
Balance beginning	\$ 30,470	\$ 76,623
Add (deduct)		
Surplus (deficit)	1,009	(46,153)
<b><i>Balance August 31</i></b>	<b>31,479</b>	<b>30,470</b>



## Canada SOS: Students Offering Support

Year ended August 31, 2020

<b>Statement of Operations</b>	2020	2019
		Note 4
<b>Revenues</b>		
Exam-AID	\$ 111,459	\$ 136,609
Guate Groundswell grant	81,059	0
Outreach	45,301	75,713
Canada Emergency Wage Subsidy (CEWS), Note 6	35,637	0
Other revenue	30,710	119,084
Donations	9,770	20,873
Sponsorship	5,000	16,573
Foreign exchange gain/(loss)	(2,231)	713
Government assistance	587	0
<b>Total Revenues</b>	<b>317,292</b>	<b>369,565</b>
<b>Expenses</b>		
Head office, schedule 1	176,971	265,202
Chapters, schedule 2	23,496	49,620
Guate Groundswell	79,569	0
Outreach project construction costs	36,247	99,777
Merchandising fees	0	1,119
<b>Total Expenses</b>	<b>316,283</b>	<b>415,718</b>
<b>Surplus (Deficit)</b>	<b>1,009</b>	<b>(46,153)</b>

## Canada SOS: Students Offering Support

Year ended August 31, 2020

<b>Schedule of Expenses</b>	2020	2019
		Note 4
<b>Schedule 1 - Head office</b>		
Salaries and benefits	\$ 114,783	\$ 177,231
International programming	21,152	47,096
Professional fees	12,548	13,805
IT development	8,802	6,453
Business development	3,441	4,394
Office rent	5,962	6,857
Advertising	0	329
Bank charges	4,453	4,879
Administrative	5,830	4,158
	<u>176,971</u>	<u>265,202</u>
<b>Schedule 2 - Chapters</b>		
Special events	22,743	32,007
Administrative	753	10,799
Outreach trip programming	0	4,404
Team meetings and management	0	1,401
Swag and merchandise	0	1,009
	<u>23,496</u>	<u>49,620</u>

## Canada SOS: Students Offering Support

Year ended August 31, 2020

<b>Statement of Cash Flows</b>	2020	2019
		Note 4
<b>Operating Activities</b>		
Surplus (deficit)	\$ 1,009	\$ (46,153)
Net change in non-cash working capital	(8,024)	31,068
<b>Cash Used In Operating Activities</b>	<u>(7,015)</u>	<u>(15,085)</u>
<b>Financing Activities</b>		
CEBA loan	40,000	0
<b>Cash Provided By Financing Activities</b>	<u>40,000</u>	<u>0</u>
Net cash increase (decrease) during the year	32,985	(15,085)
Cash position beginning of year	20,497	35,582
<b>Cash Position End Of Year</b>	<u>53,482</u>	<u>20,497</u>

**Notes to Financial Statements**

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**Status and Nature of Activities**

Canada SOS: Students Offering Support (o/a Students Offering Support) is incorporated without share capital under the Ontario Business Corporations Act 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.

The Corporation is a charitable organization within the meaning of the Income Tax Act.

**Note 1**

**Significant Accounting Policies**

**Basis of Accounting**

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

**Revenue Recognition**

The Corporation uses the deferral method of accounting for restricted donations and grants. Restricted contributions related to general operations are recognized as revenue in the year in which the related expenditures are incurred.

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

Exam-AID revenue consists of amounts collected in relation to Exam-AID sessions. Revenue is recognized on the date the session takes place.

Outreach trip participant fees include amounts collected in relation to participation on SOS's international outreach trips. Revenues are recognized on commencement of the trip and when collectability is reasonably assured.

Other revenues include amounts raised through on-campus and national fundraising events. Revenue is 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.

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**Note 1      Significant Accounting Policies - continued**

**Government Assistance**

The Corporation applies for financial assistance under available government grant programs for certain eligible expenses. During the year, the Corporation received government grants of approximately \$130,724 (2019, \$35,000) of which \$17,838 was deferred. Government assistance consists of the Guate Groundswell grant, the Canada Emergency Wage Subsidy, and interest earned on the Canada Emergency Business Account (CEBA) loan.

**Financial Instruments**

**(a) Measurement of Financial Instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and the CEBA loan.

**(b) Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

**Use of Estimates**

The preparation of financial statements requires management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Note 2      Financial Instruments**

**Risk Management Policy**

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at August 31, 2020:

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Corporation is subject to concentrations of credit risk through its cash accounts. The Corporation maintains all of its cash at a single Canadian financial institution. The maximum credit risk is equivalent to the carrying value.

**Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest and foreign exchange rates. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

**(i) Interest Rate Risk**

The Corporation does not have any interest bearing investments.

**(ii) Foreign Currency Risk**

The Corporation's functional currency is the Canadian dollar, however, US dollar purchases and collections are made from time to time. At August 31, 2020, the Corporation holds cash in US dollars at a Canadian dollar equivalent value of \$20,633 (2019, \$521). The Corporation does not engage in any hedging activities to reduce its foreign currency risk. Sensitivity to a change in rates would have a nominal effect on the statement of financial position and statement of operations.

**Liquidity Risk**

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its accounts payable and long-term debt. This risk is reduced by forecasting and managing cash flows.

# Canada SOS: Students Offering Support

August 31, 2020

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## Note 3 Canada Emergency Business Account (CEBA) Loan

The Corporation received a \$40,000 Canada Emergency Business Account (CEBA) interest free loan from the Government of Canada to finance expenses as a result of COVID-19. No minimum monthly principal payments are required until December 31, 2022. 25% of the loan is eligible for loan forgiveness if the outstanding balance of the loan is repaid on or before December 31, 2022. If the loan is not repaid by this date, it can be converted into a 3 year term loan with a 5% interest rate. As of year-end, no amounts have been repaid.

The status of the loan is as follows:

	2020
Total loan	\$ 40,000
Deferred government assistance	(4,396)
	<u>35,604</u>
Government assistance earned within one year	<u>2,409</u>

## Note 4 Classification

The prior year figures have been reclassified, where necessary, to conform to the current year's presentation. Deficit for the previous year is not affected by the reclassification.

## Note 5 Commitments

The Corporation is committed under a lease with The Basilian Fathers of Toronto for office space. Future minimum annual payment requirements are as follows:

Term	Amount
September 1, 2020 to December 31, 2020	\$269 plus HST monthly

## Note 6 Future Uncertainty Resulting from the Pandemic

There is significant uncertainty around the long-term economic and business consequences of COVID-19. The Corporation has increased exposure to liquidity risk as a result of possible financial difficulties of its sponsors and donors. During the year, the Corporation applied for and received the CEBA loan and the CEWS to assist with the effects of COVID-19. It is not possible to estimate the actual financial effects at this time.