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*Financial Statements*

**Canada SOS: Students Offering Support**

*(o/a Students Offering Support)*

*August 31, 2018*

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# Canada SOS: Students Offering Support

(o/a Students Offering Support)

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August 31, 2018

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## Independent Auditors' Report

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### To the Board of Directors and Stakeholders of Canada SOS: Students Offering Support (o/a Students Offering Support)

We have audited the accompanying financial statements of **Canada SOS: Students Offering Support (o/a Students Offering Support)**, which comprise the statement of financial position as at August 31, 2018, and the statements of changes in net assets, operations, and cash flows for the year then ended, and 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' 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 auditors' 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 auditors consider internal controls relevant to the organization'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 organization's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, **Canada SOS: Students Offering Support (o/a Students Offering Support)** derives revenue from fundraising, awareness events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of **Canada SOS: Students Offering Support (o/a Students Offering Support)** and we were unable to determine whether any adjustments might be necessary to revenue, excess/(deficiency) of revenue over expenditures and net assets.

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## Independent Auditors' Report, continued

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### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of **Canada SOS: Students Offering Support (o/a Students Offering Support)** as at August 31, 2018 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.

*Fuller Landau LLP*

**Chartered Professional Accountants  
Licensed Public Accountants**

Toronto, Ontario  
February 28, 2019



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

August 31	2018	2017
<b>Assets</b>		
<b>Current:</b>		
Cash, note 3	\$ 35,582	\$ 133,211
Accounts receivable, note 4	65,161	37,372
Inventory	1,119	1,119
Prepaid expenses	-	9,195
	<b>\$ 101,862</b>	<b>\$ 180,897</b>
<b>Liabilities and Net Assets</b>		
<b>Current:</b>		
Accounts payable and accrued liabilities, note 5	\$ 25,239	\$ 65,808
Deferred contributions, note 6	-	15,833
	<b>25,239</b>	<b>81,641</b>
<b>Net Assets</b>	<b>76,623</b>	<b>99,256</b>
	<b>\$ 101,862</b>	<b>\$ 180,897</b>

*See accompanying notes to the financial statements*

Approved by the board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

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

<b>For the year ended August 31</b>	<b>2018</b>	<b>2017</b>
<b>Unrestricted net assets, beginning of year</b>	<b>\$ 99,256</b>	<b>\$ 83,612</b>
Excess (deficiency) of revenue over expenditures	<b>(22,633)</b>	15,644
<b>Unrestricted net assets, end of year</b>	<b>\$ 76,623</b>	<b>\$ 99,256</b>

*See accompanying notes to the financial statements*

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

<b>For the year ended August 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue:</b>		
Exam-AID fundraising	\$ 201,253	\$ 266,807
Other	121,218	75,094
Outreach trip participant fees	91,948	252,234
Donations	65,168	42,758
Sponsorship	39,359	12,649
	<b>518,946</b>	<b>649,542</b>
<b>Expenditures:</b>		
Head office, page 6	336,732	458,620
Outreach project construction costs	163,164	117,747
Chapters, page 6	41,683	56,509
Merchandising fees	-	770
Foreign exchange loss	-	252
	<b>541,579</b>	<b>633,898</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (22,633)</b>	<b>\$ 15,644</b>

*See accompanying notes to the financial statements*

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

**For the year ended August 31**

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**Head Office**

	<b>2018</b>	<b>2017</b>
Salaries and wages	\$ 168,301	\$ 170,679
Outreach trip costs (flights, room & board)	68,344	203,306
IT development	40,187	13,795
General and office	30,024	39,477
Professional fees	20,794	21,629
Campus programming	5,317	-
Marketing and business development	3,765	5,522
Other	-	4,212
	<b>\$ 336,732</b>	<b>\$ 458,620</b>

**Chapters**

	<b>2018</b>	<b>2017</b>
Marketing	\$ 32,070	\$ 35,722
Administrative	5,314	6,542
Logistics	1,733	2,439
Outreach	1,304	9,149
Human resources	1,262	2,657
	<b>\$ 41,683</b>	<b>\$ 56,509</b>

*See accompanying notes to the financial statements*



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

For the year ended August 31	2018	2017
<b>Cash was provided by (used for):</b>		
<b>Operating activities:</b>		
Excess (deficiency) of revenue over expenses	\$ (22,633)	\$ 15,644
Item not affecting cash:		
Amortization of deferred contributions	(15,833)	(26,100)
	(38,466)	(10,456)
Cash was provided by (used to finance) changes in the following working capital items:		
Accounts receivable	(27,789)	(20,771)
Inventory	-	857
Prepaid expenses	9,195	(7,442)
Accounts payable and accrued liabilities	(40,569)	34,121
	(59,163)	6,765
	(97,629)	(3,691)
<b>Financing activities:</b>		
Deferred contributions	-	17,500
<b>Change in cash position</b>	<b>(97,629)</b>	<b>13,809</b>
<b>Cash, beginning of year</b>	<b>133,211</b>	<b>119,402</b>
<b>Cash, end of year</b>	<b>\$ 35,582</b>	<b>\$ 133,211</b>

*See accompanying notes to the financial statements*

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# Canada SOS: Students Offering Support

(o/a Students Offering Support)

## Notes to Financial Statements

August 31, 2018

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### 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 Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

#### Revenue recognition

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

Outreach trip participant fees consist of 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.

The organization follows the deferral method of accounting for contributions when recognizing sponsorship and donation revenues. 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 revenues include amounts raised through on-campus and national events. Revenues are recognized on the date that an event takes place.

All other revenues are recorded when amounts are known and collectible.

#### 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.

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

**August 31, 2018**

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**2. Significant Accounting Policies, continued**

**Income taxes**

The organization is a registered charity, and as such, is not subject to income taxes.

**Government assistance**

The organization applies for financial assistance under available government grant programs for certain eligible expenses. During the year, the organization received government grants of approximately \$19,000 (2017 - \$10,000). These grants are included in other revenue.

**Financial instruments**

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 and accounts payable and accrued liabilities.

Financial assets measured at 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.

**Variable interest entities**

The organization has neither identified nor consolidated the accounts of any variable interest entities.

**Foreign currency translation**

The organization records foreign currency transactions using the temporal method at the Canadian dollar standard rate at the date of the transaction, and translates foreign currency monetary assets and liabilities at the year-end exchange rate. Exchange gains and losses are included in the determination of net income.

**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.

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

**August 31, 2018**

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**2. Significant Accounting Policies, continued**

**Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**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, 2018 the cash balance includes \$25,252 (2017 - \$120,238) held in the head office bank accounts.

**4. Accounts Receivable**

	<b>2018</b>	2017
Trade receivables	\$ 35,135	\$ 4,105
Sales taxes recoverable	22,486	13,103
Government grant receivable	7,540	10,164
Sponsorship receivable	-	10,000
	<b>\$ 65,161</b>	<b>\$ 37,372</b>

**5. Accounts Payable and Accrued Liabilities**

	<b>2018</b>	2017
Trade payables	\$ 25,239	\$ 50,015
Wages payable	-	12,176
Government remittances payable	-	3,617
	<b>\$ 25,239</b>	<b>\$ 65,808</b>

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

**August 31, 2018**

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**6. Deferred Contributions**

	<b>2018</b>	<b>2017</b>
Balance, beginning of year	\$ 15,833	\$ 24,433
Revenue recognized	(15,833)	(26,100)
Contributions received	-	17,500
Balance, end of year	\$ -	\$ 15,833

**7. Financial Instruments**

The organization is exposed to various financial risks through its financial instruments. The following provides a measure of the organization's risk exposure as at August 31, 2018.

**Credit risk**

The organization mitigates credit risk by considering credit worthiness when granting credit terms to its chapters and trip participants. Management minimizes the organization's exposure to credit risk by closely monitoring collections.

**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: foreign currency risk, interest rate risk and other price risk. The organization is exposed to foreign 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 August 31, 2018, the organization had net assets at nil denominated in U.S. dollars (2017 - \$16,496).