



Financial Statements

Mamas for Mamas

December 31, 2018

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Independent Auditor's Report

Grant Thornton LLP
200-1633 Ellis Street
Kelowna, BC
V1Y 2A8

T +1 250 712 6800
F +1 250 712 6850
www.GrantThornton.ca

To the Board of Directors of
Mamas for Mamas

Qualified opinion

We have audited the financial statements of Mamas for Mamas (the "Society"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, 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 possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and its results of operations and its 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 not-for-profit organizations, the Society derives revenue from fundraising activities and cash donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, donation revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2018, current assets as at December 31, 2018, and net assets as at January 1, 2018 and December 31, 2018.

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 are independent of the Society 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 for the year ended December 31, 2017 were compiled by another firm of Chartered Professional Accountants. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended December 31, 2017. Accordingly, we do not express an opinion or any other form of assurance on the financial statements taken for the year ended December 31, 2017 as a whole. Our opinion is not modified in respect of this matter.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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.

Kelowna, Canada
July 25, 2019

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants

Mamas for Mamas Statement of Financial Position

	December 31, 2018	December 31, 2017	January 1, 2017
Assets			
Current			
Cash	\$ 85,474	\$ 113,598	\$ 6,827
Receivables	256	256	29
Prepaid expenses	<u>2,210</u>	<u>500</u>	<u>-</u>
	87,940	114,354	6,856
Tangible capital assets (Note 4)	<u>23,508</u>	<u>31,026</u>	<u>17,489</u>
	<u>\$ 111,448</u>	<u>\$ 145,380</u>	<u>\$ 24,345</u>
Liabilities			
Current			
Payables and accruals	\$ 24,571	\$ 22,307	\$ 1,206
Current portion of loan payable (Note 5)	<u>4,446</u>	<u>4,167</u>	<u>3,868</u>
	29,017	26,474	5,074
Loan payable (Note 5)	<u>3,969</u>	<u>8,294</u>	<u>13,258</u>
	<u>32,986</u>	<u>34,768</u>	<u>18,332</u>
Fund balances			
Invested in tangible capital assets	15,093	18,564	339
Unrestricted	<u>63,369</u>	<u>92,048</u>	<u>5,674</u>
	<u>78,462</u>	<u>110,612</u>	<u>6,013</u>
	<u>\$ 111,448</u>	<u>\$ 145,380</u>	<u>\$ 24,345</u>

Commitment (Note 6)

On behalf of the board

_____ Director

_____ Director

Mamas for Mamas

Statement of Changes in Net Assets

Year ended December 31

	Invested in tangible capital assets	Unrestricted	Total 2018	Total 2017	Total January 1, 2017
Balance, beginning of year	\$ 18,564	\$ 92,048	\$ 110,612	\$ 6,013	\$ 1,750
(Deficiency) excess of revenues over expenses	(7,517)	(24,633)	(32,150)	104,599	4,263
Repayment of loan payable	<u>4,046</u>	<u>(4,046)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 15,093</u>	<u>\$ 63,369</u>	<u>\$ 78,462</u>	<u>\$ 110,612</u>	<u>\$ 6,013</u>

Mamas for Mamas

Statement of Operations

Year ended December 31

	2018	2017
Revenues		
Donations and sponsorships	\$ 257,132	\$ 250,010
Donations - in kind	49,420	-
Fundraising	196,440	56,781
Grants	13,165	15,000
Other	-	2,850
	<u>516,157</u>	<u>324,641</u>
Expenses		
Advertising and promotion	14,292	11,051
Amortization	7,517	11,712
Automotive	8,975	12,713
Community support	35,721	26,074
Community support - in kind	49,420	-
Education and training	1,957	-
Fundraising expense	59,589	45,805
Insurance	3,634	1,810
Interest and bank charges	1,855	497
Interest on loan payable	841	222
Memberships, fees & licenses	1,184	449
Office and miscellaneous	13,504	10,478
Office supplies	7,304	6,417
Professional fees	24,452	1,851
Rent	44,100	26,025
Repairs and maintenance	1,128	5,688
Storage	3,091	3,783
Telephone and utilities	24,011	7,489
Travel	2,569	-
Wages and benefits	243,163	47,978
	<u>548,307</u>	<u>220,042</u>
(Deficiency) excess of revenues over expenses	<u>\$ (32,150)</u>	<u>\$ 104,599</u>

Mamas for Mamas

Statement of Cash Flows

Year ended December 31

2018

2017

Increase (decrease) in cash

Operating

(Deficiency) excess of revenues over expenses	\$ (32,150)	\$ 104,599
Item not affecting cash		
Amortization	<u>7,517</u>	<u>11,712</u>
	(24,633)	116,311
Change in non-cash working capital items		
Receivables	-	(227)
Prepaid expenses	(1,710)	(500)
Payables and accruals	<u>2,265</u>	<u>21,101</u>
	(24,078)	136,685

Financing

Repayment of loan payable	(4,046)	(4,665)
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Investing

Purchase of tangible capital assets	<u>-</u>	<u>25,249</u>
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(Decrease) increase in cash	(28,124)	106,771
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Cash

Beginning of year	<u>113,598</u>	<u>6,827</u>
End of year	<u>\$ 85,474</u>	<u>\$ 113,598</u>

Mamas for Mamas

Notes to the Financial Statements

December 31, 2018

1. Nature of operations

Mamas for Mamas ("the Society") is incorporated under the Canada Not-for-profit Corporations Act as a non-profit organization and is a registered charity under the Income Tax Act of Canada. The mandate of the Society is to provide support for mothers in crisis, and provide ongoing support to low income mothers and their children. The Society provides a space for mothers and their children to feel safe, provides clothing and other items that may be needed, and offers in-house mental health counselling.

As a registered charity, the Society is exempt from income taxes under Section 149(1) of the Income Tax Act.

2. Summary of significant accounting policies

Basis of presentation

The Society has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions, grants and fundraising are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions, grants and fundraising are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Financial instruments

The Society considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. A financial asset or liability is recognized when the Society becomes party to the contractual provisions of the instrument.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant credit, liquidity or market risks arising from these financial instruments.

Measurement

Financial assets or liabilities that are initially measured at fair value and subsequently measured at amortized cost (which approximates fair value for cash) include cash, receivables, payables and accruals, and loan payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss on the Statement of Operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Statement of Operations.

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Notes to the Financial Statements

December 31, 2018

2. Summary of significant accounting policies (continued)

Contributed materials and services

Volunteers contributed time and materials to assist the Society in carrying out its programs and services. Contributed materials and services are only recognized at their fair value in the financial statements when the amount can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

Tangible capital assets

Tangible capital assets are recorded at original cost plus any costs of betterment less accumulated amortization. Amortization is calculated by the declining balance method or straight-line method as follows:

Leasehold improvements	5 years Straight-line
Vehicle	30% Declining balance
Computers	30% Declining balance
Garden tower	20% Declining balance

Contributed capital assets are capitalized only when they would otherwise have been purchased and when fair value can be reasonably estimated.

Impairment of long-lived assets

Long-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its fair value. Fair value is determined using an appropriate valuation technique such as a quoted price in an active market or the present value of future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds the sum of its estimated future undiscounted cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are recorded to the Statement of Operations as appropriate in the year they become known.

Items subject to significant management estimates include estimated useful life and related amortization of tangible capital assets.

Mamas for Mamas

Notes to the Financial Statements

December 31, 2018

3. First-time adoption of Canadian accounting standards for not-for-profit organizations

These are the Society's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations. The 2017 comparative financial statements include an opening balance sheet as at January 1, 2017 that provides for the impact of the transition. There were no changes required to the comparative balances presented as a result of adoption of this new accounting framework.

4. Tangible capital assets

			<u>December 31,</u> 2018	<u>December 31,</u> 2017
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 17,504	\$ 4,901	\$ 12,603	\$ 15,754
Vehicle	20,575	14,576	5,999	8,570
Computers	5,356	2,169	3,187	4,553
Garden tower	<u>2,388</u>	<u>669</u>	<u>1,719</u>	<u>2,149</u>
	<u>\$ 45,823</u>	<u>\$ 22,315</u>	<u>\$ 23,508</u>	<u>\$ 31,026</u>

5. Loan payable

Scotiabank, secured by a vehicle, repayable in blended bi-weekly payments of \$188, bearing interest at 6.98% per annum, maturing November 13, 2020.

	\$ 8,415	\$ 12,461
Less current portion	<u>4,446</u>	<u>4,167</u>
Due beyond one year	<u>\$ 3,969</u>	<u>\$ 8,294</u>

Estimated principal repayments are as follows:

2019	\$ 4,446
2020	<u>3,969</u>
	<u>\$ 8,415</u>

Mamas for Mamas

Notes to the Financial Statements

December 31, 2018

6. Commitment

On June 1, 2017, the Society entered into an agreement to lease its premises until June 2019. The annual rent of premises consists of monthly payments of \$3,500 plus applicable sales taxes, which includes their portion of City Taxes, building insurance and common building costs. Subsequent to year-end, the lease was renewed until June 2024. Rent payable for the premises for the next five years is as follows:

2019	\$	42,600
2020		43,200
2021		43,800
2022		44,400
2023		<u>45,000</u>
	\$	<u>219,000</u>

7. Comparative figures

Certain of the comparative figures have been reclassified to conform with current year financial statement presentation.
