

**GLOWING HEARTS CHARITY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**  
**(UNAUDITED)**

**SMITH, SYKES, LEEPER & TUNSTALL LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**LICENSED PUBLIC ACCOUNTANTS**

**GLOWING HEARTS CHARITY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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## **INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT**

To the Directors of,  
Glowing Hearts Charity

We have reviewed the accompanying financial statements of Glowing Hearts Charity that comprise the balance sheet as at **December 31, 2023**, and the statement of contributions and disbursements, statement of changes in net assets and changes in 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 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.

### **Practitioners' Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on the financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Glowing Hearts Charity as at **December 31, 2023**, 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.

*Smith, Sykes, Leeper & Tunstall LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountants**

Barrie, Ontario.  
April 15, 2024.

**GLOWING HEARTS CHARITY**  
(Incorporated Under the Laws of Ontario)  
**BALANCE SHEET**  
**DECEMBER 31, 2023**  
(UNAUDITED)

	<b>2023</b>	<b>2022</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 89,139	\$ 41,441
Short-term investments - GIC	3,143	3,000
HST recoverable	3,130	3,082
Prepaid expenses	2,076	0
	<b>\$ 97,488</b>	<b>\$ 47,523</b>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,187	\$ 3,044
Deferred designated funds (Note 3)	<u>41,743</u>	<u>10,098</u>
	<b>44,930</b>	<b>13,142</b>
<b><u>NET ASSETS</u></b>		
Net assets	52,558	34,381
	<b>\$ 97,488</b>	<b>\$ 47,523</b>

Approved on Behalf of the Board,

  
Karen Johnson (Apr 29, 2024 12:56 EDT) \_\_\_\_\_, Director.

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

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

**GLOWING HEARTS CHARITY**  
**STATEMENT OF CONTRIBUTIONS AND DISBURSEMENTS AND NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(UNAUDITED)

	<b>2023</b>	<b>(Note 6)</b> <b>2022</b>
<b>CONTRIBUTIONS</b>		
Donations and general fundraising	\$ 71,145	\$ 43,514
Designated receipts (Note 4)	61,059	5,462
Grant funding	9,334	6,011
Sponsorship	6,450	6,000
Interest income	143	0
	<b>148,131</b>	<b>60,987</b>
<b>DISBURSEMENTS</b>		
Designated expenditures (Note 5)	110,180	38,121
Salaries and wages	9,343	6,015
Insurance	2,272	2,221
Professional fees	3,300	3,000
Unrecoverable HST	2,347	1,340
Bank charges and interest	1,179	615
Office and general	1,333	2,281
	<b>129,954</b>	<b>53,593</b>
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>		
<b>FOR THE YEAR</b>	<b>18,177</b>	<b>7,394</b>
Net assets, beginning of the year	34,381	26,987
<b>NET ASSETS END OF THE YEAR</b>	<b>\$ 52,558</b>	<b>\$ 34,381</b>

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

**GLOWING HEARTS CHARITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATIONS</b>		
Excess of receipts over disbursements for the year	\$ 18,177	\$ 7,394
<b>Changes in operating working capital</b>		
Short-term investments	(143)	(3,000)
Prepaid expenses	(2,076)	0
Accounts payable and accrued expenses	143	3,044
HST recoverable	(48)	(3,082)
Deferred designated funds	<u>31,645</u>	<u>10,098</u>
	<b><u>29,521</u></b>	<b><u>7,060</u></b>
<b>CASH PROVIDED BY OPERATIONS</b>	<b>47,698</b>	<b>14,454</b>
<b>NET CHANGE IN CASH POSITION</b>	<b>47,698</b>	<b>14,454</b>
Cash position, beginning of the year	<u>41,441</u>	<u>26,987</u>
<b>CASH POSITION, END OF THE YEAR</b>	<b>\$ 89,139</b>	<b>\$ 41,441</b>

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

**GLOWING HEARTS CHARITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**  
**(UNAUDITED)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies:

**The Organization -**

Glowing Hearts Charity is a not-for-profit corporation incorporated under the laws of the Province of Ontario, which exists to disrupt the cycle of poverty by empowering children and youth to realize their full potential. To enable children and youth, vulnerable to poverty in Simcoe County, to access resources and opportunities that support their growth, confidence, and self-determination. The organization is not subject to income taxes and is prohibited from distributing any of its surplus to or for the personal benefit of its members.

**Use of estimates -**

The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. There are no significant items subject to such estimates and assumptions for the current year.

**Financial instruments -**

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

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

Financial assets and liabilities measured at amortized cost include cash, HST recoverable, accounts payable and accrued expenses and externally restricted contributions.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any 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. Any reversal is recognized in net income.

**Cash and cash equivalents -**

The Organization's policy is to present under cash and cash equivalents; bank balances, including short-term GIC's.

**Contributed Services -**

Volunteers contribute time to assist the organization in carrying out its services. Due to the difficulty of determining the fair value of the contributed services, contributed services are not recognized in the financial statements.

**GLOWING HEARTS CHARITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Revenue recognition (contributions)-**

The Organization follows the deferral method of accounting for donations.

- Unrestricted donations are recognized as revenue when received.
  - Externally restricted donations are deferred and taken into revenue when the funds are spent.
  - Donations restricted for the purchase of capital assets are deferred and amortized into revenue at an amount equal to the amortization of that group of capital assets.
  - Externally restricted donations used to purchase land are recorded as a direct increase in net assets invested in capital assets.
  - Donated materials and supplies are only recorded as revenue when the estimated fair market value of the items donated can be supported within the policy set out by the Charities Directorate of the Canada Revenue Agency.
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**GLOWING HEARTS CHARITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**  
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**2. FINANCIAL RISKS AND CONCENTRATION OF RISK**

The Organization is exposed to the following risks related to its financial assets and liabilities:

**Credit risk -**

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. The Organization's financial assets that are exposed to credit risk consist primarily of cash and accounts receivable. The Organization's cash is maintained with a large federally regulated financial institution in Canada. Management is of the opinion that credit risk is not a significant risk as the majority of its amounts receivables are due from the Canada Revenue Agency. There has been no change to the risk exposures from 2022.

**Liquidity risk -**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued expenses. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations. There has been no change to the risk exposures from 2022.

**Market risk -**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

**Foreign currency risk -**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is not exposed to foreign current risk due to the nature of operations, location of suppliers and customers. There has been no change in the risk assessment from the prior period.

**Interest rate risk -**

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates. The Organization does not have significant exposure to interest rate risk. There has been no change in the risk assessment from the prior period.

**Other price risk -**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk. There has been no change in the risk assessment from the prior period.

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**GLOWING HEARTS CHARITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. DEFERRED DESIGNATED FUNDS**

These contributions represent amounts received during the year that were designated for specific purposes by the donor. As of the year end, these expenditures have not yet been incurred by the Organization.

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**4. DESIGNATED RECEIPTS**

Designated fund receipts consists of the following:

	<u>2023</u>	<u>2022</u>
Backpacks for Youth	11,641	4,417
Foods That Fuels	\$ 0	\$ 1,045
Music Program	12,948	0
Psychoeducational Assessments & Follow-Up Supports	33,320	0
Youth Empowerment Project	<u>3,150</u>	<u>0</u>
	<u>\$ 61,059</u>	<u>\$ 5,462</u>

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**5. DESIGNATED EXPENDITURES**

Designated expenditures consists of the following:

	<u>2023</u>	<u>2022</u>
Backpacks for Youth	\$ 44,737	\$ 31,962
Foods That Fuels	8,056	3,159
Music Program	14,005	3,000
Psychoeducational Assessments & Follow-Up Supports	33,320	0
Mental Health Counselling	1,320	0
Youth Empowerment Project	3,500	0
Gift in Kind/Other programs	<u>5,242</u>	<u>0</u>
	<u>\$ 110,180</u>	<u>\$ 38,121</u>

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**6. RESTATEMENT**

Various amounts have been restated to conform with this year's financial statement presentation.

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# GLOWING HEARTS - FS 2023

Final Audit Report

2024-04-29

Created:	2024-04-22
By:	Sarah Fleming (sarah@glowingheartscharity.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAbZnij2uFPSWVhcZraOgKx8BL3QaxlhyR

## "GLOWING HEARTS - FS 2023" History

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2024-04-22 - 4:10:29 PM GMT- IP address: 207.236.12.121
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2024-04-22 - 4:10:33 PM GMT
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2024-04-22 - 4:10:34 PM GMT
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2024-04-22 - 4:11:48 PM GMT- IP address: 66.102.6.232
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