

DAVID MCANTONY GIBSON FOUNDATION
(Operating as GlobalMedic)
Financial Statements
Year Ended May 31, 2020

DAVID MCANTONY GIBSON FOUNDATION

(Operating as GlobalMedic)

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Year Ended May 31, 2020

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Chaggares & Bonhomme
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of David McAntony Gibson Foundation (Operating as GlobalMedic)

Opinion

We have audited the financial statements of David McAntony Gibson Foundation (the Foundation), which comprise the statement of financial position as at May 31, 2020, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at May 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

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 Foundation in accordance with 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 opinion.

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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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 Foundation'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 Foundation'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 Foundation 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.

Chaggares & Bonhomme

Newmarket, Ontario
November 26, 2020

Chaggares & Bonhomme
Chartered Professional Accountants
Licensed Public Accountants

DAVID MCANTONY GIBSON FOUNDATION*(Operating as GlobalMedic)***Statement of Financial Position****May 31, 2020**

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 996,779	\$ 2,704,755
Accounts receivable (Note 4)	64,036	20,990
Term deposits (Note 5)	4,307,622	1,897,467
Inventory (Note 6)	572,629	262,819
Prepaid expenses	12,678	12,324
	5,953,744	4,898,355
EQUIPMENT (Note 7)	140,467	96,729
LONG TERM INVESTMENTS (Note 5)	112,922	109,473
	\$ 6,207,133	\$ 5,104,557
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 270,805	\$ 127,706
Deferred revenue (Note 9)	1,525,570	1,166,938
	1,796,375	1,294,644
DEFERRED CAPITAL GRANTS (Note 10)	4,003	8,705
	1,800,378	1,303,349
NET ASSETS		
General fund	4,406,755	3,801,208
	\$ 6,207,133	\$ 5,104,557

APPROVED BY THE DIRECTORS



Director



Director

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION*(Operating as GlobalMedic)***Statement of Revenues and Expenditures****Year Ended May 31, 2020**

	2020	2019
REVENUES		
Donations & fundraising	\$ 3,605,343	\$ 2,290,899
Investment & other income	78,413	117,796
Foreign exchange gain (loss)	18,828	59,469
	3,702,584	2,468,164
EXPENSES		
Humanitarian operations		
Disaster Response (Note 11)	1,866,738	804,206
Complex Emergencies (Note 12)	987,931	1,134,910
Special Operations (Note 13)	109,268	129,341
Support Services		
Amortization	43,777	14,475
Fundraising expenses	4,568	1,575
Professional fees	85,547	31,223
	3,097,829	2,115,730
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	604,755	352,434
Gains (losses) on disposal of assets	793	-
EXCESS OF REVENUES OVER EXPENSES	\$ 605,548	\$ 352,434

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION

(Operating as GlobalMedic)

Statement of Changes in Net Assets

Year Ended May 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 3,801,208	\$ 3,448,774
EXCESS OF REVENUES OVER EXPENSES	605,548	352,434
NET ASSETS - END OF YEAR	\$ 4,406,756	\$ 3,801,208

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION*(Operating as GlobalMedic)***Statement of Cash Flows****Year Ended May 31, 2020**

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 605,548	\$ 352,434
Items not affecting cash:		
Amortization of equipment	43,777	14,475
Loss on disposal of equipment	793	-
	650,118	366,909
Changes in non-cash working capital:		
Accounts receivable	(43,046)	(13,315)
Inventory	(309,810)	(93,899)
Accounts payable and accrued liabilities	143,097	113,432
Deferred revenue	358,632	330,241
Prepaid expenses	(354)	(687)
	148,519	335,772
Cash flow from operating activities	798,637	702,681
INVESTING ACTIVITIES		
Purchase of equipment	(93,924)	(61,748)
Proceeds on disposal of equipment	2,500	-
Purchase of investments	(2,415,189)	(484,834)
Cash flow used by investing activities	(2,506,613)	(546,582)
INCREASE (DECREASE) IN CASH FLOW	(1,707,976)	156,099
Cash - beginning of year	2,704,755	2,548,656
CASH - END OF YEAR	\$ 996,779	\$ 2,704,755

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION

(Operating as GlobalMedic)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are liquid short term investments.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Goods and Services Tax

Sales taxes paid on purchase of taxable supplies are recoverable at 69.7% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

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DAVID MCANTONY GIBSON FOUNDATION

(Operating as GlobalMedic)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Equipment	20% declining balance method
Computer equipment	55% declining balance method
Leasehold improvements	5 years straight-line method

The Foundation regularly reviews its equipment to eliminate obsolete items. Government grants are amortized and expensed over the life of the equipment.

Equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

David McAntony Gibson Foundation 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.

Government grants are recognized as revenue in the year in which eligible expenses are incurred.

Gifts-in-Kind ("GIK") are valued at 100% of their estimated fair market values. Invoices must be provided by the donor at the time of the donation. If there is no invoice provided the donation will not be accepted. All invoices are assessed for reasonableness. GIK are recorded as revenue when the foundation takes possession of the contribution. GIK are recorded as an expense when the goods are deployed for charitable purposes.

Investment income, which includes interest income and gains (losses) on foreign currency accounts, is recognized as revenue when earned.

Contributed services

The operations of the Foundation depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements. No value is assigned to goods received where a tax receipt is not issued. In addition, storage space was donated to the Foundation at no charge, which cannot be reasonably determined and is therefore not reflected in these financial statements.

Income taxes

The Foundation is registered as a charitable organization and therefore is exempt from income tax according to section 149(1)(l) of the Canadian Income Tax Act.

DAVID MCANTONY GIBSON FOUNDATION

(Operating as GlobalMedic)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2020

2. PURPOSE OF THE FOUNDATION

David McAntony Gibson Foundation (the "Foundation") was registered as a charitable organization on June 1, 2002 founded by constitution. As a registered charity the Foundation is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Foundation was created in the Spring of 1998 in honour of David McAntony Gibson, who tragically lost his life on February 7, 1998. In keeping with David's spirit, the Foundation is designed to help those in need around the world by providing relief supplies and equipment, and has adopted "Serving the Global Community" as its motto. The Foundation leads programs designed to strengthen the delivery of emergency medical services in the developing world as well as providing emergency relief to those nations affected by natural disasters and complex emergencies. These objectives are obtained by the procurement of equipment, medicine, supplies and funding the delivery of training packages as well as empowering the emergency response capacity of organizations and communities in developing countries. The Foundation strives to be an efficient aid agency that delivers the maximum amount of aid with a minimum operating cost.

3. FINANCIAL INSTRUMENTS

The Foundation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Foundation's risk exposure and concentration as of May 31, 2020.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its receipt of funds from its donors and accounts payable.

(b) Currency risk

Currency risk is the risk to the Foundation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Foundation is exposed to foreign currency exchange risk on cash held in foreign currencies. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Foundation is exposed to interest rate risk primarily through investments.

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant other price risks arising from these financial instruments.

DAVID MCANTONY GIBSON FOUNDATION

(Operating as GlobalMedic)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2020

4. ACCOUNTS RECEIVABLE

The accounts receivable balance includes both government and non-governmental receivables. As of the year-end the outstanding balance of governmental receivables was \$40,240 (2019 - \$20,990).

5. TERM DEPOSITS

The Foundation holds the following GICs:

Non-redeemable GIC which matures on July 22, 2020 and carries an annual interest rate of 1.60%. This GIC has a face value of \$1,378,656 and accrued interest of \$7,796.

Non-redeemable GIC which matures on July 21, 2020 and carries an annual interest rate of 3.15%. This GIC has a face value of \$103,434 and accrued interest of \$4,455.

Cashable GIC which matures on March 5, 2021 and carries an annual interest rate of 1.25%. This GIC has a face value of \$500,000 and accrued interest of \$1,473.

Redeemable GIC which matures on May 12, 2021 and carries an annual interest rate of 2.05%. This GIC has a face value of \$2,185,340 and accrued interest of \$24,548.

Non-redeemable GIC which matures on May 20, 2021 and carries an annual interest rate of 3.0%. This GIC has a face value of \$101,811 and accrued interest of \$100.

Non-redeemable GIC which matures on July 11, 2023 and carries an annual interest rate of 3.15%. This GIC has a face value of \$109,473 and accrued interest of \$3,458.

6. INVENTORY

	2020	2019
Opening inventory	\$ 262,819	\$ 168,920
Purchases	1,902,113	1,279,099
Cost of goods donated	(1,592,303)	(1,185,200)
Closing inventory on hand	\$ 572,629	\$ 262,819

DAVID MCANTONY GIBSON FOUNDATION*(Operating as GlobalMedic)***NOTES TO FINANCIAL STATEMENTS****YEAR ENDED MAY 31, 2020****7. EQUIPMENT**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Equipment	\$ 53,213	\$ 15,932	\$ 37,281	\$ 8,542
Motor vehicles	42,248	13,320	28,928	35,974
Computer equipment	46,941	41,994	4,947	9,247
Leasehold improvements	103,574	34,263	69,311	42,966
	\$ 245,976	\$ 105,509	\$ 140,467	\$ 96,729

During fiscal 2020, \$4,702 of grant amortization was applied to the deferred capital grants.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following government remittances were included in accounts payable at year end:

	2020	2019
Payroll liabilities	\$ 1,950	\$ 4,074

9. DEFERRED REVENUE

Restricted contributions are recognized as revenue when related expenditures are incurred. Any excess of contributions over related expenditures are deferred until related expenditures are incurred.

	2020	2019
Bahamas	\$ 259,764	\$ -
Bangladesh	438,137	535,291
Canada	64,705	-
Ecuador	26,780	28,753
Indonesia	113,893	113,893
Nepal	387,673	387,673
RescUAV	-	76,815
Southern Africa	-	15,285
The Grassroots Revolution	234,618	-
Ukraine	-	9,228
	\$ 1,525,570	\$ 1,166,938

DAVID MCANTONY GIBSON FOUNDATION

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2020

10. DEFERRED CAPITAL GRANTS

Grants used to acquire capital assets are deferred as a liability and amortized to income based on the amortization of capital assets acquired with grants. The following capital grants were deferred at year end:

	2020	2019
Unamortized opening balance	\$ 18,909	\$ 18,909
Capital grants to defer	-	-
Grant amortization	(14,906)	(10,204)
	\$ 4,003	\$ 8,705

11. DISASTER RESPONSE

During the year, the Foundation responded to disasters in the following countries: Antigua, Bahamas, Canada, Haiti, Iran, Malawi, Paraguay, Philippines, Puerto Rico, Mozambique, St. Lucia and St. Vincent. Costs charged to each response include costs of material aid, shipping, flights, in-country operations, staffing and office costs.

12. COMPLEX EMERGENCIES

During the year, the Foundation responded to complex emergencies related to the following countries: Bangladesh, Ecuador, Somalia, Syria, Ukraine and Yemen. Costs charged to each response include costs of material aid, shipping, flights, in-country operations, staffing and office costs.

13. SPECIAL OPERATIONS

The Foundation runs several specialty programs that include RescUAV, training of the Rapid Response Team, the distribution of hygiene kits to shelters in Canada and the Grassroots Revolution which distributes soap and staple food items to food banks and shelters in Canada. Costs charged to each response include costs of material aid, shipping, flights, in-country operations, staffing and office costs.

DAVID MCANTONY GIBSON FOUNDATION

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2020

14. RELATED PARTIES

The following is a summary of the Foundation's related party transactions:

	2020	2019
<u>Related party transactions</u>		
Chantel Kehoe (The foundation's Director of Finance, as well as spouse of the foundation's Executive Director)		
Contract payments	\$ 62,364	\$ 62,364
2590274 Ontario Inc. (A corporation jointly owned by the foundation's Executive Director and Director of Finance)		
Rental payments	\$ 5,197	\$ -
GlobalFire (A charity that shares 4 board members with DMGF)		
Purchases	\$ 120,000	\$ -

The foundation leases premises from 2590274 Ontario Inc. under a long term lease that expires on April 30, 2025. Under the lease, the foundation is required to pay base rent for a 15,700 sq ft building in Etobicoke (35 Coronet Rd) of \$5,000 per month, plus utilities, maintenance, leasehold improvements, and other related costs for the leased premises. There is a renewal option included in the lease.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. SUBSEQUENT EVENTS

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and impact on the financial results and conditions of the Foundation and its operations in future periods. The Foundation has been deemed an essential workplace and remains open amid the COVID-19 outbreak.