

DAVID MCANTONY GIBSON FOUNDATION

Financial Statements

Year Ended May 31, 2013

(Unaudited)

DAVID MCANTONY GIBSON FOUNDATION
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Year Ended May 31, 2013
(Unaudited)

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Chaggares & Bonhomme
CHARTERED ACCOUNTANTS

REVIEW ENGAGEMENT REPORT

To the Member of David McAntony Gibson Foundation

We have reviewed the statement of financial position of David McAntony Gibson Foundation as at May 31, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the foundation.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

We draw attention to Note 2 to the financial statements which describes that David McAntony Gibson Foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations on June 1, 2012 with a transition date of June 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at May 31, 2012 and June 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended May 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Chaggares & Bonhomme

Newmarket, Ontario
August 14, 2013

Chaggares & Bonhomme
Chartered Accountants
Authorized to practise public accounting by
The Institute of Chartered Accountants of Ontario

DAVID MCANTONY GIBSON FOUNDATION
Statement of Financial Position
May 31, 2013
(Unaudited)

	<i>May 31</i> 2013	<i>May 31</i> 2012 <i>(note 1)</i>	<i>June 1</i> 2011 <i>(note 1)</i>
ASSETS			
CURRENT			
Cash	\$ 378,159	\$ 196,693	\$ 322,089
Accounts receivable	-	-	20,400
Inventory	95,981	115,610	89,843
Term deposits <i>(Note 6)</i>	127,368	-	-
Marketable securities <i>(Note 7)</i>	64,881	92,586	-
	666,389	404,889	432,332
EQUIPMENT <i>(Net of accumulated amortization)</i>	-	-	86,322
LONG TERM INVESTMENTS	-	120,866	114,553
	\$ 666,389	\$ 525,755	\$ 633,207
LIABILITIES			
CURRENT			
Accounts payable	\$ 6,538	\$ 9,055	\$ 5,696
Deferred revenue <i>(Note 8)</i>	179,962	99,129	241,255
	186,500	108,184	246,951
NET ASSETS			
General fund	479,889	417,571	386,256
	\$ 666,389	\$ 525,755	\$ 633,207

APPROVED BY THE SOLE DIRECTOR

_____ *Director*

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION

Statement of Revenues and Expenditures

Year Ended May 31, 2013

(Unaudited)

	2013	2012
REVENUES (note 6)		
Donations	\$ 932,375	\$ 755,694
Fundraising	49,604	23,809
Gifts	25,971	6,918
Investment income	11,037	7,573
Other income	3,048	3,043
	1,022,035	797,037
EXPENDITURES		
Capacity building	5,470	40,826
Disaster response	813,990	574,756
Foreign exchange (gain)loss	(479)	3,678
Gifts in kind	28,367	85,322
GlobalFire	5,963	15,120
GlobalWater	-	12,655
Miscellaneous	18,639	12,825
Rapid response team	59,233	15,127
	931,183	760,309
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	90,852	36,728
OTHER INCOME		
Gain on disposal of investments	10,530	-
Write-down of marketable securities	(39,064)	(5,414)
	(28,534)	(5,414)
EXCESS OF REVENUES OVER EXPENDITURES	\$ 62,318	\$ 31,314

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION
Statement of Changes in Net Assets
Year Ended May 31, 2013
(Unaudited)

	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 417,571	\$ 386,257
Excess of revenues over expenditures	62,318	31,314
NET ASSETS - END OF YEAR	\$ 479,889	\$ 417,571

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION

Statement of Cash Flows

Year Ended May 31, 2013

(Unaudited)

	2013	2012
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 62,318	\$ 31,314
Items not affecting cash:		
Unrealized gains/losses	39,064	5,414
Gain on disposal of investments	(10,530)	-
Loss on disposal of equipment	-	86,322
Foreign exchange (gain) loss	(829)	-
	90,023	123,050
Changes in non-cash working capital:		
Inventory	19,629	(25,767)
Accounts payable	(2,517)	3,361
Deferred income	80,833	(142,126)
	97,945	(164,532)
Cash flow from (used by) operating activities	187,968	(41,482)
INVESTING ACTIVITY		
Purchase of investments	(6,502)	(104,314)
INCREASE (DECREASE) IN CASH FLOW	181,466	(145,796)
Cash - beginning of year	196,693	342,489
CASH - END OF YEAR	\$ 378,159	\$ 196,693

See notes to financial statements

DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2013
(Unaudited)

1. RETROSPECTIVE RESTATEMENT OF ACCOUNTING ERRORS

During the current year review, it was noted that the foundation had recognized inventory purchases as expenses and recognized all restricted contributions in the year received. Inventories are assets in the form of materials or supplies to be consumed in the rendering of services. Under the deferral method, restricted contributions exceeding the related expenses in the period are deferred. The error corrections resulted in the following changes to the May 31, 2011 and the May 31, 2012 financial statements:

May 31, 2011

Statement of Financial Position;
Increase of inventory by \$89,843
Increase of deferred revenue by \$241,255
Decrease of general fund by \$151,412

Statement of Revenue and Expenditures;
Decrease of disaster response expenditure by \$89,843
Decrease of disaster response revenues by \$241,255
Increase of deficiency of revenues over expenditures by \$151,412

Statement of Cash Flow;
Increase of deficiency of revenues over expenditures by \$151,412
Decrease of change in non cash working capital items (inventory) by \$89,843
Decrease of change in non cash working capital items (deferred revenue) by \$241,255

May 31, 2012

Statement of Financial Position;
Increase of inventory by \$23,745
Increase of deferred revenue by \$99,129
Decrease of general fund by \$75,384

Statement of Revenue and Expenditures;
Decrease of disaster response expenditure by \$23,745
Increase of disaster response revenues by \$142,126
Decrease of deficiency of revenues over expenditures by \$165,871

Statement of Cash Flow;
Increase of excess revenues over expenditures by \$165,871
Decrease of change in non cash working capital items (inventory) by \$23,745
Decrease of change in non cash working capital items (deferred revenue) by \$142,126

DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2013
(Unaudited)

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the foundation adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPO had no impact on net assets as at June 1, 2011 or revenues and expenditures or cash flows for the year ended May 31, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. DESCRIPTION OF BUSINESS

David McAntony Gibson Foundation (the "foundation") was registered as a charitable organization on June 1, 2002 under the Canada Corporations 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 Third 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year \$28,367 in goods were donated (2012 - \$85,322).

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DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2013
(Unaudited)

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

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 excess of revenues over expenditures.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

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.

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.

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DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2013
(Unaudited)

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

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 at such time the foundation takes possession of the contribution. GIKs are recorded as an expense at such time as the goods are deployed for charitable purposes.

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

5. 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, 2013.

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.

Currency risk

Currency risk is the risk to the company'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 U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

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 its floating interest rate bank indebtedness and its investments.

DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2013
(Unaudited)

6. TERM DEPOSITS

The foundation holds a GIC which matures on October 15, 2013 and carries an annual interest rate of 5.35%. This GIC has a face value of \$100,000 and accrued interest of \$27,368 (\$20,866 - 2012) and a guaranteed maturity value of \$129,788.

7. MARKETABLE SECURITIES

Marketable securities are measured at fair value which is determined on the basis of market value. The foundation holds short-term marketable securities that have a market value of \$64,881.

8. 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.

	2013	2012
Haiti mission	\$ 59,730	\$ 65,368
Japan mission	40,745	-
Eastern Africa mission	53,516	27,798
Philippines mission	615	-
India mission	2,421	-
Sierra Leone mission	2,062	-
Syria mission	7,012	-
GlobalFire	12,900	5,963
GlobalWater	961	-
	\$ 179,962	\$ 99,129

DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 2013
(Unaudited)

9. REVENUES

The foundation allocated the revenues contributed during fiscal 2013 according to the type of donation or grant received and specific mission restrictions.

	2013	2012
Eastern Africa mission	\$ 119,806	\$ 133,977
Japan mission	513,991	137,880
Pakistan mission	42,156	3,320
Sierra Leone mission	19,578	-
Mali mission	25,075	-
Philippines mission	28,553	41,775
Syria mission	69,262	-
India mission	29,295	-
Haiti mission	1,677	288
Attawapiskat mission	-	2,038
Cambodia mission	-	43,290
Subtotal	849,393	362,568
General donations	144,709	151,234
Goods-in-kind (GIK)	28,367	85,322
GlobalFire	4,766	21,083
GlobalWater	961	12,210
Other income	3,048	9,332
Property tax rebate	-	3,043
Investment income	11,036	7,573
Rapid response team (RRT)	12,224	2,546
Manitoba chapter	4,613	-
British Columbia chapter	72	-
Capacity building medical supply shipments	7,000	-
Ontario clean water agency (OCWA)	36,679	-
	\$ 1,102,868	\$ 654,911

Total revenue collected during the year is \$1,102,868 less the additional deferred revenues for the year of \$80,833 will equal net revenue of \$1,022,035.

10. LEASE COMMITMENTS

As of January 1, 2013, the foundation has outstanding commitments with respect to a one-year property lease agreement. The lease agreement states that the foundation is obliged to pay the property taxes and utility fees of the leased commercial space at 20 Claireport Crescent, Unit 9, Toronto, Ontario. The owner of the building is a director of the foundation.

DAVID MCANTONY GIBSON FOUNDATION
NOTES TO FINANCIAL STATEMENTS
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(Unaudited)

11. ECONOMIC DEPENDENCE

The foundation generates the majority of its revenues from its ten largest donors. The ten largest donors contributed \$821,502 in 2013 (\$417,272 - 2012) which represents 74.70% (63.42% - 2012) of total revenues.

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.