Financial Statements

Shea-Lynn's Butterfly Effect

December 31, 2023

Shea-Lynn's Butterfly Effect
Statement of Operations
Year ended December 31

REVENUES	**2023**
Dividend Income	0.03
Donations	11,938.86
Sales	1,385.69
	$13,324.58
Cost of Goods Sold *(Note 3)*	
Cost of Goods Sold	185.10
Purchases - COS	2,985.99
	3,171.09
Total Revenues	**$10,153.49**
EXPENSES	
Accounting & Legal	4,800.33
Advertising & Promo	936.14
Bank Charges & Interest	5.17
Merchant Fees	21.77
Office Expenses	1,050.61
Postage & Shipping	34.08
Supplies	49.62
Taxes and Licenses	770.3
Total Expenses	**$7,668.07**
Excess Of Revenues Over Expenditures	**$2,485.42**

See accompanying notes to the financial statements.

Shea-Lynn's Butterfly Effect
Statement of Financial Position
Year ended December 31

ASSETS	2023
Current	
Cash and Cash Equivalent	15,230.01
Investments	0.00
Accounts Receivable	0.00
	$15,230.01
Inventory Assets (Note 5)	1,780.70
Total Assets	**$17,010.71**

LIABILITIES AND EQUITY	
Liabilities	
MasterCard	507.14
Founder's Contribution *(Note 4)*	8,533.76
GST/HST Payable	0.06
GST/HST Suspense	(26.87)
Deferred Revenue	0.00
Total Liabilities	**$9,014.09**
Equity	
Retained Earnings	5,511.20
Profit for the year	2,485.42
Total Equity	**$7,996.62**
Total Liabilities and Equity	**$17,010.71**

See accompanying notes to the financial statements.

Shea-Lynn's Butterfly Effect
Statement of Cash Flows
Year ended December 31

OPERATING ACTIVITIES	2023
Net Income	**2,485.42**
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable (A/R)	0.00
Inventory Asset	2,937.43
Founder's Contribution	(3,778.24)
MasterCard	507.14
Founder's Contribution	8,533.76
GST Payable	0.06
GST Suspense	(26.87)
Total Adjustments	8,173.28
Net Cash Provided by Operating Activities	**$10,658.70**

NET CASH INCREASE FOR PERIOD	
Cash at beginning of period	4,571.31
Cash at end of period	**$15,230.01**

On behalf of the Board

_______________ Director

_______________ Director

Shea-Lynn's Butterfly Effect
Notes to the Financial Statements
Year ended December 31

1. Nature of Operations

Shea-Lynn's Butterfly Effect (The "Corporation") is dedicated to increasing seat belt compliance and promoting safer roadway choices so that drivers and passengers get home safely. The Corporation's primary objectives include developing and delivering cost-effective road safety presentations, programs, resources, and awareness campaigns that educate the public on the importance of seat belt compliance.

Shea-Lynn's Butterfly Effect was incorporated under the *Canada Not-for-Profit Corporations Act, S.C. 2009, c. 23* in 2023, is registered as an extra-provincial corporation in Alberta and is exempt from income taxes.

2. Summary of Significant Accounting Policies

During the fiscal year ending December 31, 2023, Shea-Lynn's Butterfly Effect engaged Get Balanced Professional Bookkeeping to assist with financial record-keeping. The bookkeeper maintained accurate financial records in accordance with generally accepted accounting principles (GAAP), reconciled accounts, and aided in financial reporting. Oversight was provided by the Chair/Acting Executive Director of Shea-Lynn's Butterfly Effect.

The following significant accounting policies have been consistently applied in the preparation of the financial statements:

a) Allocation of Expenses

Expenses are categorized into line items based on their nature and purpose. This allocation method ensures transparency in financial reporting and facilitates analysis of expenditure patterns to support the organization's mission and objectives.

b) Revenue Recognition

Revenue from donations and sales are recognized upon receipt and deposited into the organization's account. This approach ensures that revenue is recognized when it becomes both earned and measurable, aligning with the organization's commitment to transparency and accurate financial reporting. No donor-imposed restrictions exist, and there are no significant timing differences between when revenue is earned and when it is received, ensuring consistency in revenue recognition practices.

c) Cash

Cash and cash equivalents consist of funds deposited with a Canadian financial institution, including the common share fees required to open the account.

d) Foreign Currency Translation

Monetary assets denominated in foreign currencies are translated at the prevailing rate of exchange at the time of transaction, which includes deposits to a Canadian financial institution, online donations through our 3rd party fundraising platform, and other monetary inflows. Revenues and expenses are also translated at the exchange rates prevailing on the transaction dates. SBE does not use derivative instruments to mitigate foreign exchange risk.

e) Donated Materials and Contributed Services

Shea-Lynn's Butterfly Effect benefits from countless volunteer hours each year. Accomplishing the objectives of the organization would not be possible without the dedication of our volunteers. Because of the difficulty in determining their fair value, the contributed services of volunteers are not recorded in the financial statements.

3. Cost of Goods Sold (COGS)

Cost of goods sold includes direct expenses for acquiring merchandise and preparing it for sale by Shea-Lynn's Butterfly Effect. This encompasses purchase costs, packaging, labels, and related expenses. It's recognized when revenue is earned, ensuring consistent reporting.

4. Founder's Contribution

Before incorporation and during the initial start-up phase for Shea-Lynn's Butterfly Effect, the founding member and Board Chair (Brenda McGaw) provided essential funding to establish and launch operations. This contribution primarily covered startup costs, including but not limited to legal fees, administrative expenses, marketing efforts, and initial program development. This was instrumental in laying the foundation for our organization's mission and impact.

5. Inventory Assets

Shea-Lynn's Butterfly Effect maintains inventory assets consisting of hoodies, shirts, and decals, which are recorded at cost using the weighted average method. We assess inventory levels annually and make any necessary adjustments to ensure accurate valuation and disclosure in our financial statements.

6. Commitments

Shea-Lynn's Butterfly Effect has no commitments for leased premises as it operates as a home-based business.

7. Financial Instruments

Shea-Lynn's Butterfly Effect (SBE) is exposed to the following potentially significant financial risks through transactions in financial instruments:

<u>Credit Risk:</u> SBE is exposed to credit risk in connection with its accounts receivable, because of the risk that other parties will fail to discharge their obligations. This risk is low, however, as SBE holds few accounts and other receivables.

<u>Liquidity Risk:</u> SBE is exposed to the risk that it will encounter difficulty in meeting obligations associated with its financial liabilities. As a result, SBE manages its liquidity risk by continuously monitoring cash flows. Accounts payable are normally repaid in 30 days.

8. Economic Dependence

Shea-Lynn's Butterfly Effect is currently economically dependent on its donors and has plans to diversify with corporate sponsors, fundraising events, and government grants to support the delivery of programs and services.