

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON

INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations and Changes in Unrestricted Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 11

INDEPENDENT AUDITOR'S REPORT

To the Members of: Big Brothers Big Sisters of Centre Wellington

Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Centre Wellington, which comprise the statement of financial position as at December 31, 2021 and the statements of operations and changes in unrestricted 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Centre Wellington as at December 31, 2021 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.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives some of the revenues from cash sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, revenues over expenditures and cash flows from operations for the year ended December 31, 2021, current assets as at December 31, 2021, and net assets as at January 1, 2021 and December 31, 2021.

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 Big Brothers Big Sisters of Centre Wellington 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 audit opinion.

Other matter

The corresponding financial statements are unaudited.

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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 judgement 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 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 organization'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 organization'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 organization 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.



Guelph, Ontario
April 19, 2022

Chartered Professional Accountants
Licensed Public Accountants

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 298,092	\$ 198,342
Temporary investments (note 4)	4,619	9,125
Accounts receivable	13,411	3,046
Government remittances refundable	732	16,446
Government assistance receivable (note 6)	12,765	16,099
Prepaid expenses	<u>0</u>	<u>1,517</u>
	329,619	244,575
CAPITAL ASSETS (note 5)	<u>268,559</u>	<u>282,910</u>
	<u><u>\$ 598,178</u></u>	<u><u>\$ 527,485</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 16,373	\$ 13,475
Government remittances payable	4,961	3,998
Deferred revenue (note 8)	<u>35,474</u>	<u>33,117</u>
	<u>56,808</u>	<u>50,590</u>
LONG TERM DEBT (note 7)	<u>40,000</u>	<u>0</u>
NET ASSETS		
INTERNALLY RESTRICTED FUND	20,000	20,000
EXTERNALLY RESTRICTED CAPITAL		
CAMPAIGN FUND (note 9)	273,955	307,562
UNRESTRICTED NET ASSETS	<u>207,415</u>	<u>149,333</u>
	<u>501,370</u>	<u>476,895</u>
	<u><u>\$ 598,178</u></u>	<u><u>\$ 527,485</u></u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON**STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS****FOR THE ENDED DECEMBER 31, 2021**

	2021	2020
REVENUES		
Grant income	\$ 186,136	\$ 114,651
Government assistance (note 6)	99,018	96,158
Fundraising income - Big Night Out	82,047	112,820
Fundraising income - Other	68,872	100,496
Other income	28,601	29,420
Donations	25,053	46,751
Fundraising income - Golf tournament	23,571	0
Fundraising income - Raffles	18,123	16,968
Fundraising income - Bowl for Kids	0	7,617
	<u>531,421</u>	<u>524,881</u>
EXPENDITURES		
Salaries and employee benefits	293,660	256,899
Fundraising expenses - Big Night Out	43,724	36,990
Fundraising expenses - Other	22,651	20,978
Advertising	22,515	8,740
Program costs	21,137	13,936
Professional fees	19,229	13,841
Office and miscellaneous	13,957	15,157
Rent	10,817	9,517
Insurance	7,652	6,477
Telephone and utilities	7,003	5,452
Memberships	3,698	3,348
Training and travel	2,781	3,726
Gifts and memorials	2,547	2,073
Bank charges	1,968	1,640
	<u>473,339</u>	<u>398,774</u>
REVENUES OVER EXPENDITURES for the year	58,082	126,107
UNRESTRICTED NET ASSETS, beginning of year	<u>149,333</u>	<u>23,226</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 207,415</u>	<u>\$ 149,333</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
STATEMENT OF CASH FLOWS
FOR THE ENDED DECEMBER 31, 2021

	2021	2020
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Revenues over expenditures for the year	\$ 58,082	\$ 126,107
Capital campaign revenues (under) over expenditures for the year	<u>(33,607)</u>	<u>12,098</u>
	24,475	138,205
Items not requiring an outlay of cash		
Amortization	<u>33,574</u>	<u>31,434</u>
	58,049	169,639
Changes in non-cash working capital		
Accounts receivable	(10,365)	5,204
Government remittances refundable	15,714	10,127
Government assistance receivable	3,334	(16,099)
Prepaid expenses	1,517	5,623
Accounts payable and accrued liabilities	2,898	(14,737)
Government remittances payable	963	(2,110)
Deferred revenue	<u>2,357</u>	<u>(41,473)</u>
	<u>74,467</u>	<u>116,174</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Long term debt	40,000	0
GICs redeemed	<u>4,506</u>	<u>0</u>
	<u>44,506</u>	<u>0</u>
CASH (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	<u>(19,223)</u>	<u>(202,447)</u>
NET INCREASE (DECREASE) IN CASH	99,750	(86,273)
NET CASH, BEGINNING OF YEAR	<u>198,342</u>	<u>284,615</u>
NET CASH, END OF YEAR	<u><u>\$ 298,092</u></u>	<u><u>\$ 198,342</u></u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE ENDED DECEMBER 31, 2021

1. NATURE OF OPERATIONS

Big Brothers Big Sisters of Centre Wellington is a not for profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. Big Brothers Big Sisters of Centre Wellington is exempt from income tax. Its purpose is to assist in the personal and social development of young men and women through matching clients with adults in a type of mentoring and support relationship in the Centre Wellington area.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) FUND ACCOUNTING

General operating fund

The operating fund reports resources available for the organization's general operating activities.

Internally restricted fund

The internally restricted fund reports resources that are held for future purposes. Transfers in and out of the internally restricted fund are to be authorized by the board of directors.

Externally restricted capital campaign fund

The externally restricted capital campaign fund reports resources that are held for the future purpose of creating a community hub and new office space for operations.

(b) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the operating fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the operating fund when received or receivable and collection is reasonably assured. Contributions include grants and donations.

Government assistance revenues are recognized in the period in which the related expenditures were incurred.

The organization recognizes fundraising and other revenues at the time that cash is received.

(c) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Leasehold improvements	- 10	years straight line basis
Furniture and equipment	- 10	years straight line basis

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE ENDED DECEMBER 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(e) **FINANCIAL INSTRUMENTS**

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

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

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The 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. The amount of the reversal is recognized in net surplus.

Transaction costs

The organization recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the organization's exposure to these risks did not change in 2021 compared to the previous period.

The organization does not have a significant exposure to any individual or counterpart.

4. TEMPORARY INVESTMENTS

Temporary investments include the following:

	2021	2020
TD cashable GIC, 0.25%, matured November 12, 2021	\$ 0	\$ 4,506
TD cashable GIC, 0.25%, matures February 3, 2022	<u>4,619</u>	<u>4,619</u>
	<u>\$ 4,619</u>	<u>\$ 9,125</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE ENDED DECEMBER 31, 2021

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2021	Net 2020
Leasehold improvements	\$ 303,888	\$ 59,127	\$ 244,761	\$ 256,753
Furniture and equipment	<u>29,679</u>	<u>5,881</u>	<u>23,798</u>	<u>26,157</u>
	<u>\$ 333,567</u>	<u>\$ 65,008</u>	<u>\$ 268,559</u>	<u>\$ 282,910</u>

6. MATERIAL UNCERTAINTY DUE TO COVID-19

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.

During the year, the organization received \$99,802 (2020 - \$90,795) from the Canada Emergency Wage Subsidy (CEWS). The organization also received the Canada Emergency Business Account (CEBA) as described in note 7. If repaid by December 31, 2023, 33% of the \$60,000 CEBA principal will be forgiven. As the organization expects to meet these terms, \$20,000 (2020 - nil) has been recorded as revenues. Both subsidies are recorded as government assistance revenues.

7. LONG TERM DEBT

	2021	2020
Canadian Emergency Business Account (CEBA) loan, 0% interest until December 31, 2023, 5% interest payments required afterward until principal due on December 31, 2025	<u>\$ 40,000</u>	<u>\$ 0</u>

8. DEFERRED REVENUE

Deferred revenue, which consists of fundraising income that relates to future periods, is as follows:

	2021	2020
Balance, beginning of the year	\$ 33,117	\$ 74,590
Plus amount received related to the following year	10,474	7,049
Less amount recognized as revenue in the year	<u>(8,117)</u>	<u>(48,522)</u>
Balance, end of year	<u>\$ 35,474</u>	<u>\$ 33,117</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE ENDED DECEMBER 31, 2021

9. EXTERNALLY RESTRICTED CAPITAL CAMPAIGN FUND

The externally restricted capital campaign fund reports resources that are held for the future purpose of creating a community hub and new office space for operations. Revenues and expenditures during the year are as follows:

	2021	2020
Balance, beginning of the year	\$ 307,562	\$ 295,464
Plus revenues in the year	0	60,150
Less expenditures in the year	<u>(33,607)</u>	<u>(48,052)</u>
Balance, end of year	<u><u>\$ 273,955</u></u>	<u><u>\$ 307,562</u></u>

10. COMMITMENTS

The organization has an operating lease for the premises. Future minimum lease payments are as follows:

2022	\$ 10,010
2023	10,010
2024	10,010
2025	10,010
2026	10,010
Thereafter	<u>30,030</u>
	<u><u>\$ 80,080</u></u>