

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON

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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, 2023 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, 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.

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, deficiency of revenues over expenditures and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years.

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.

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
May 17, 2024

Chartered Professional Accountants
Licensed Public Accountants

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 (note 8)
ASSETS		
CURRENT		
Cash	\$ 123,678	\$ 254,996
Investments	30,200	0
Accounts receivable	2,155	2,636
Government remittances refundable	4,617	3,706
Prepaid expenses	<u>2,364</u>	<u>3,151</u>
	163,014	264,489
TANGIBLE CAPITAL ASSETS (note 4)	<u>199,159</u>	<u>224,548</u>
	<u>\$ 362,173</u>	<u>\$ 489,037</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 25,837	\$ 25,046
Government remittances payable	4,868	5,941
Deferred contributions (note 5)	4,750	6,564
Current portion of long term debt	<u>0</u>	<u>40,000</u>
	35,455	77,551
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	<u>12,931</u>	<u>0</u>
	<u>48,386</u>	<u>77,551</u>
NET ASSETS		
INTERNALLY RESTRICTED FUND	20,000	20,000
EXTERNALLY RESTRICTED CAPITAL CAMPAIGN FUND (note 7)	191,036	230,540
UNRESTRICTED NET ASSETS	<u>102,751</u>	<u>160,946</u>
	<u>313,787</u>	<u>411,486</u>
	<u>\$ 362,173</u>	<u>\$ 489,037</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 (note 8)
REVENUES		
Fundraising income - ticket sales	\$ 136,558	\$ 134,906
Grant income	95,481	146,101
Fundraising income - other	90,869	77,687
Donations	25,547	23,976
Fundraising income - golf tournament	25,245	26,160
Fundraising income - raffles	11,002	18,559
Other income	384	11,350
	<u>385,086</u>	<u>438,739</u>
EXPENDITURES		
Salaries and employee benefits	297,737	340,605
Fundraising expenses - Big Night Out	29,891	35,262
Fundraising expenses - other	27,865	21,638
Professional fees	27,509	19,574
Office and miscellaneous	10,550	13,580
Rent	10,406	10,375
Memberships	9,769	2,462
Telephone and utilities	8,276	6,729
Program costs	5,648	18,384
Advertising	4,419	19,438
Bank charges	3,747	4,268
Insurance	3,645	5,289
Training and travel	3,486	2,034
Gifts and memorials	333	570
	<u>443,281</u>	<u>500,208</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES for the year	(58,195)	(61,469)
UNRESTRICTED NET ASSETS, beginning of year	<u>160,946</u>	<u>222,415</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 102,751</u>	<u>\$ 160,946</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Deficiency of revenues over expenditures for the year	\$ (58,195)	\$ (61,469)
Capital campaign revenues (under) over expenditures for the year (note 9)	<u>(39,504)</u>	<u>(43,415)</u>
	(97,699)	(104,884)
Items not requiring an outlay of cash		
Amortization	39,504	43,415
Deferred capital contributions recognized	<u>(2,469)</u>	<u>0</u>
	(60,664)	(61,469)
Changes in non-cash working capital		
Accounts receivable	481	10,775
Government remittances refundable	(911)	(2,974)
Government assistance receivable	0	12,765
Prepaid expenses	787	(3,151)
Accounts payable and accrued liabilities	791	8,673
Government remittances payable	(1,073)	980
Deferred contributions	<u>(1,814)</u>	<u>(13,910)</u>
	<u>(62,403)</u>	<u>(48,311)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long term debt	(40,000)	0
Investments purchased	(30,200)	0
Investments redeemed	0	4,619
Deferred capital contributions received	<u>15,400</u>	<u>0</u>
	<u>(54,800)</u>	<u>4,619</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to tangible capital assets	(14,115)	0
Disposals of tangible capital assets	<u>0</u>	<u>596</u>
	<u>(14,115)</u>	<u>596</u>
NET DECREASE IN CASH	(131,318)	(43,096)
NET CASH, BEGINNING OF YEAR	<u>254,996</u>	<u>298,092</u>
NET CASH, END OF YEAR	<u>\$ 123,678</u>	<u>\$ 254,996</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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.

The organization recognizes fundraising and other revenues at the time that cash is received or the related event occurs.

(c) TANGIBLE CAPITAL ASSETS

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

Leasehold improvements	- straight line over life of lease
Furniture and equipment	- 5 years straight line basis
Computer hardware	- 3 years straight line basis

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not for profit organizations 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. Significant areas requiring management's estimate include amortization of tangible capital assets.

(f) 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 2023 compared to the previous period.

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

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Leasehold improvements	\$ 299,174	\$ 118,788	\$ 180,386	\$ 210,873
Furniture and equipment	31,767	27,278	4,489	12,830
Computer hardware	<u>16,145</u>	<u>1,861</u>	<u>14,284</u>	<u>845</u>
	<u>\$ 347,086</u>	<u>\$ 147,927</u>	<u>\$ 199,159</u>	<u>\$ 224,548</u>

5. DEFERRED CONTRIBUTIONS

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

	2023	2022 (note 8)
Balance, beginning of the year	\$ 6,564	\$ 20,474
Plus amount received related to the following year	4,750	3,188
Less amount recognized as revenue in the year	<u>(6,564)</u>	<u>(17,098)</u>
Balance, end of year	<u>\$ 4,750</u>	<u>\$ 6,564</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions, which consist of grants funding capital assets, are as follows:

	2023	2022
Balance, beginning of the year	\$ 0	\$ 0
Plus amounts received during the year	15,400	0
Less revenue recognized over useful life of assets	<u>(2,469)</u>	<u>0</u>
Balance, end of year	<u>\$ 12,931</u>	<u>\$ 0</u>

7. 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:

	2023	2022
Balance, beginning of the year	\$ 230,540	\$ 273,955
Amortization expense	<u>(39,504)</u>	<u>(43,415)</u>
Balance, end of year	<u>\$ 191,036</u>	<u>\$ 230,540</u>

BIG BROTHERS BIG SISTERS OF CENTRE WELLINGTON
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

8. PRIOR PERIOD ERROR

During the audit, it was noted that a grant received in fiscal 2020 had been fully spent in fiscal 2021 and should not have been deferred. A prior period adjustment was recorded to adjust 2022 deferred revenue and retained earnings.

The net effect of the adjustment to the 2022 financial statements are as follows:

	2022
Decrease in deferred revenue	\$ (15,000)
Increase in unrestricted net assets, beginning of the year	15,000

9. COMMITMENTS

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

2024	\$ 10,010
2025	10,010
2026	10,010
2027	10,010
2028	10,010
Thereafter	<u>10,010</u>
	<u>\$ 60,060</u>