

Big Brothers Big Sisters Of Sarnia - Lambton

Independent Auditor's Report

Financial Statements

March 31, 2021

Big Brothers Big Sisters Of Sarnia - Lambton

March 31, 2021

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Independent Auditor's Report

To The Board of Directors Of Big Brothers Big Sisters of Sarnia-Lambton

Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Sarnia-Lambton, (the Organization), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and 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 Not-for-Profit Organizations, the Organization derives revenue from donations and fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenditures, and cash flows from operations for the year ended March 31, 2021 and current assets and net assets as at March 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 the Organization 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 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 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.

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**Independent
Auditor's Report** cont'd....

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 consolidated 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 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 consolidated 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.



Sarnia, Ontario
October 6, 2021

**Chartered Professional Accountants
Licensed Public Accountants**

Big Brothers Big Sisters of Sarnia-Lambton
Statement Of Operations
For The Year Ended March 31, 2021

	2021	2020
Revenue		
United Way of Sarnia-Lambton	\$ 184,882	\$ 189,012
Grants	82,357	90,717
Donations	70,214	46,235
Fundraising	102,088	165,548
Rental	11,100	11,100
Miscellaneous	-	4,171
	<u>450,641</u>	<u>506,783</u>
Expenditures		
Amortization	6,143	2,802
BBBS affiliation dues	12,600	11,098
Credit card and bank charges	847	2,402
Copying	2,909	3,008
Computer	6,695	4,089
Equipment and furniture	-	1,593
Employee benefits	45,232	46,714
Fundraising expenses	6,194	12,805
Insurance	11,508	13,719
Maintenance and janitorial	528	1,766
Membership fees	3,471	2,767
Mileage	719	4,600
Multi-sport court project	-	6,303
Postage	364	-
Program expenses	7,210	3,562
Professional development	276	2,765
Professional fees	15,398	16,794
Public relations	3,088	14,483
Rent	34,726	34,726
Supplies	7,909	14,943
Scholarships	3,000	4,000
Telephone and internet	3,951	4,126
Wages	276,067	360,624
	<u>448,835</u>	<u>569,689</u>
Excess (Deficiency) Of Revenue Over Expenditures		
Before Other Income	<u>1,806</u>	<u>(62,906)</u>
Other Income		
Government Assistance - Canada Emergency Wage Subsidy	42,979	-
Interest	986	2,102
	<u>43,965</u>	<u>2,102</u>
Excess (Deficiency) Of Revenue Over Expenditures	<u>\$ 45,771</u>	<u>\$ (60,804)</u>

**Big Brothers Big Sisters of Sarnia-Lambton
Statement Of Changes In Net Assets
For The Year Ended March 31, 2021**

	Internally Restricted	Unrestricted	2021 Total	2020
Balance, Beginning	\$ 1,184	\$ 175,765	\$ 176,949	\$ 237,753
Excess (Deficiency) of Revenue Over Expenditures	<u>-</u>	<u>45,771</u>	<u>45,771</u>	<u>(60,804)</u>
Balance, Ending	<u>\$ 1,184</u>	<u>\$ 221,536</u>	<u>\$ 222,720</u>	<u>\$ 176,949</u>

Big Brothers Big Sisters of Sarnia-Lambton
Statement of Financial Position
March 31, 2021

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents (note 2)	\$ 226,242	\$ 183,293
Restricted cash (note 3)	23,321	8,306
Accounts receivable (note 7)	31,148	10,809
Government taxes recoverable	36,002	28,155
Prepaid expenses	<u>21,363</u>	<u>16,141</u>
	338,076	246,704
Capital assets (note 4)	<u>8,815</u>	<u>6,531</u>
	<u>\$ 346,891</u>	<u>\$ 253,235</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 9,275	\$ 12,430
Deferred revenue (note 5)	<u>74,896</u>	<u>63,856</u>
	84,171	76,286
Canada emergency business account (note 9)	<u>40,000</u>	<u>-</u>
	<u>124,171</u>	<u>76,286</u>
Net Assets		
Net assets internally restricted (note 6)	1,184	1,184
Unrestricted net assets	<u>221,536</u>	<u>175,765</u>
	<u>222,720</u>	<u>176,949</u>
	<u>\$ 346,891</u>	<u>\$ 253,235</u>

On Behalf Of The Board

Chair

Treasurer

Big Brothers Big Sisters of Sarnia-Lambton
Statement of Cash Flows
For The Year Ended March 31, 2021

	2021	2020
Cash Provided By (Used For)		
Operating Activities		
Excess (deficiency) of revenue over expenditures	\$ 45,771	\$ (60,804)
Items not requiring cash:		
Amortization	<u>6,143</u>	<u>2,802</u>
	51,914	(58,002)
Net change in non-cash working capital items affecting operations:		
Accounts receivable	(20,339)	15,300
Government taxes recoverable	(7,847)	(9,602)
Prepaid expenses	(5,222)	14,689
Accounts payable and accrued liabilities	(3,155)	1,730
Deferred revenue	<u>11,040</u>	<u>(9,507)</u>
	<u>26,391</u>	<u>(45,392)</u>
Investing Activities		
Purchase of capital assets	<u>(8,427)</u>	<u>(3,586)</u>
Financing Activities		
Canada emergency business account	<u>40,000</u>	<u>-</u>
Increase (Decrease) In Cash Position	57,964	(48,978)
Cash Position, Beginning	<u>191,599</u>	<u>240,577</u>
Cash Position, Ending	<u>\$ 249,563</u>	<u>\$ 191,599</u>

Supplemental Cash Flow Information:

Represented By:

Cash	\$ 113,707	\$ 71,902
Redeemable term deposit	<u>112,535</u>	<u>111,391</u>
Total unrestricted cash and cash equivalents (note 2)	226,242	183,293
Restricted cash (note 3)	<u>23,321</u>	<u>8,306</u>
	<u>\$ 249,563</u>	<u>\$ 191,599</u>

Nature Of Activities

Big Brothers Big Sisters of Sarnia-Lambton is an organization whose purpose is to mentor children, primarily from single parent mother headed families, by providing them with an adult role model.

Big Brothers Big Sisters of Sarnia-Lambton is a registered charity within the meaning of The Income Tax Act of Canada and is exempt from income taxes.

1. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with Canadian Standards for Not-For-Profit Organizations.

Contributions

The Organization uses the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred and unrestricted contributions are recognized as revenue in the period in which they are received.

Investment income and all other revenue is recognized on the accrual basis. The accrual basis of accounting recognizes revenue as it becomes available and measurable.

Cash and Cash Equivalents

Cash and cash equivalents include cash on account, redeemable term deposits and cash invested in term deposits maturing within 90 days from the end of the year.

Capital Assets

Purchased assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of the contribution. Repairs and maintenance for capital assets are expensed as they occur. When a capital asset no longer contributes to the ability to provide services, its value is written down to its residual value.

Depreciation is calculated on a straight-line basis using the following estimated useful lives:

Furniture and Equipment	5 years
Computers and Software	3 years

Financial Instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions that are measured at the exchange amount. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Big Brothers Big Sisters of Sarnia-Lambton
Notes To Financial Statements
March 31, 2021

1. Significant Accounting Policies cont'd...

Financial assets measured at amortized cost include cash and restricted cash, redeemable term deposit and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deposits.

Financial instruments measured at amortized cost are tested for impairment at the end of each year and the amount of writedown, if any, is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement and the amount is recognized in the statement of operations. The reversal may be recorded provided it is no greater than the amount that has previously been reported as a reduction in the asset and does not exceed original cost.

Contributed Services

A number of unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not included in the financial statements.

Use Of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for Not-For-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Estimates are used when accounting for uncollectable accounts receivable, accrued liabilities and useful lives of capital assets. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

2021

2020

Included in cash and cash equivalents is the following:

Unrestricted cash in banks and on hand	\$ <u>113,707</u>	\$ <u>71,902</u>
CIBC term deposit bearing interest at the rate of 1.600%, maturing September 22, 2020.	-	50,528
CIBC term deposit bearing interest at the rate of .550%, maturing September 25, 2020.	-	60,863
CIBC term deposit bearing interest at the rate of .250%, maturing September 22, 2021.	51,336	-
CIBC term deposit bearing interest at the rate of 0.450%, maturing September 27, 2021.	<u>61,199</u>	-
	<u>112,535</u>	<u>111,391</u>
	<u>\$ 226,242</u>	<u>\$ 183,293</u>

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Big Brothers Big Sisters of Sarnia-Lambton
Notes To Financial Statements
March 31, 2021

3. Restricted Cash

2021

2020

Cash from bingo and lottery fund raising whose expenditure must be approved by the City of Sarnia.

\$ 23,321

\$ 8,306

4. Capital Assets

2021

2020

	Cost	Accumulated Amortization	Net	Net
Furniture and Equipment	\$ 59,815	\$ 59,815	\$ -	\$ 1,855
Computers and Software	<u>28,911</u>	<u>20,096</u>	<u>8,815</u>	<u>4,676</u>
	\$ <u>88,726</u>	\$ <u>79,911</u>	\$ <u>8,815</u>	\$ <u>6,531</u>

5. Deferred Revenue

2021

2020

This balance represents funds received for which the related expenditure has not yet been made and consists of the following:

Duc Cruise	\$ -	\$ 2,500
Spring Show and Sale	-	23,275
The Big Night In	-	1,000
Verstraaten Little Brother Needs	4,998	5,098
Awards/Christmas	1,054	854
Big Squeeze Sponsor	2,500	2,500
Arlanxeo Canada	2,000	2,000
Catherine Wilson Foundation	1,258	1,258
Suncor	6,750	9,000
Sailing	420	420
BBBS of Ontario Endowment Foundation	10,950	10,141
Ministry of Education	13,689	3,444
Tennis Lessons	1,575	2,366
Afterschool Program Funding	8,660	-
Big Night In 2	2,750	-
Provincial Lottery	8,113	-
BBBS Windsor/Essex	<u>10,179</u>	<u>-</u>
	\$ <u>74,896</u>	\$ <u>63,856</u>

Notes continued on page 10....

Big Brothers Big Sisters of Sarnia-Lambton
Notes To Financial Statements
March 31, 2021

6. Net Assets Internally Restricted	2021	2020
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Net assets have been internally restricted by the Board of Directors for the following purposes:

Building Maintenance Fund	\$ 184	\$ 184
Scholarship Fund	<u>1,000</u>	<u>1,000</u>
	<u>\$ 1,184</u>	<u>\$ 1,184</u>

7. Accounts Receivable	2021	2020
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Canada Emergency Wage Subsidy	\$ 21,480	\$ -
Trade Receivables	<u>9,668</u>	<u>10,809</u>
	<u>\$ 31,148</u>	<u>\$ 10,809</u>

Trade accounts receivables include impaired receivables of Nil (2020 - \$Nil) and are net of an allowance for doubtful accounts of \$Nil (2020 - \$Nil).

8. Commitment

The Organization, along with Rebound, A Program for Youths occupy the Dow Centre for Youth. The Organization entered into a new lease with the Dow Centre for Youth. Under the terms of the lease the organization is responsible for approximately 50% of the entire operating costs of the Dow Centre for Youth. As at year end the existing lease is in place with a monthly payment amount of \$2,894.

9. Canada Emergency Business Account	2021	2020
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Canada Emergency Business Account Loan, interest-free, maturing in December, 2022.	\$ <u>40,000</u>	\$ <u>-</u>
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As part of the emergency measures introduced by the federal government, the Organization accessed the Canada Emergency Business Account (CEBA) loan. As a qualifying not-for-profit customer, the Organization obtained a \$40,000 loan. Details of the loan are as follows:

- 0% interest until December 31, 2022.
- No principal payments due until December 31, 2022.
- Principal repayments can be voluntarily made at any time without fees or penalties.

Notes continued on page 11....

9. Canada Emergency Business Account cont'd...

- \$10,000 loan forgiveness is available, provided outstanding balance is \$40,000 at December 31, 2020 and \$30,000 is paid back between January 1, 2021 and December 31, 2022.
- If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3 year term loan at 5% annual interest, paid monthly, effective January 1, 2023.
- The full balance must be repaid by no later than December 31, 2025.

Balance of loan expected to be paid by the Organization by December 31, 2022.

10. Financial Instruments Risks Disclosures

The main risks the Organization's financial instruments are exposed to are credit risk, liquidity risk, and interest rate risk each of which is discussed below.

Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk with its accounts receivable to the extent that clients fail to meet their financial obligations. The Organization has invested in fixed income investments that are from a single issuer. The Organization is exposed to credit risk to the extent that issuer of the fixed income investment fails to meet their obligation for payment as interest payments become due and when this investment matures.

Liquidity Risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they come due by generating sufficient cash flow from operations and redemption, if needed, of the fixed income investment as it matures.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All of the Organization's financial instruments are in Canadian dollars and consequently the Organization is not subject to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to this risk as its fixed income investment matures and is reinvested at a different interest rate.

10. Financial Instruments Risks Disclosures cont'd...

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not exposed to other price risk.

Changes in Risk Assessments

There have been no significant changes in these risk exposures from the prior year.

11. COVID-19 Impact

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

As a result of this pandemic, the Organization cancelled fundraising events, resulting in lost revenues pertaining to the 2020-21 year end. To make up for decreases to funding and cancellation of fundraising events the Organization has:

- Applied and received the Canada Emergency Business Account;
- Applied for and received \$42,979 from the Canada Emergency Wage Subsidy program;
- Received grants for COVID related expenses;
- Organized new virtual fundraising events to offset cancelled events.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Management will continue to monitor the on-going financial impact on its cash and budget forecast and will adjust its operations as required.