

Big Brothers Big Sisters Of Sarnia - Lambton

Independent Auditor's Report

Financial Information

March 31, 2022

Big Brothers Big Sisters Of Sarnia - Lambton

March 31, 2022

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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, 2022 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, 2022, 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, 2022 and current assets and net assets as at March 31, 2022.

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....

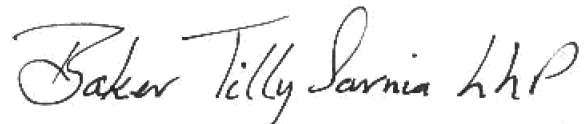
Auditor's Responsibilities for the Audit of the Financial Statements

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
September 21, 2022**

**Chartered Professional Accountants
Licensed Public Accountants**

Big Brothers Big Sisters of Sarnia-Lambton
Statement Of Operations
For The Year Ended March 31, 2022

	2022	2021
Revenue		
United Way of Sarnia-Lambton	\$ 189,012	\$ 184,882
Grants	125,742	82,357
Donations	95,829	70,214
Fundraising	118,611	102,088
Rental	<u>10,000</u>	<u>11,100</u>
	<u>539,194</u>	<u>450,641</u>
Expenditures		
Amortization	4,004	6,143
BBBS affiliation dues	12,000	12,600
Credit card and bank charges	823	847
Copying	2,842	2,909
Computer	4,856	6,695
Employee benefits	46,920	45,232
Fundraising expenses	12,462	6,194
Insurance	39,021	11,508
Maintenance and janitorial	52	528
Membership fees	1,531	3,471
Mileage	503	719
Postage	134	364
Program expenses	4,200	7,210
Professional development	300	276
Professional fees	11,182	15,398
Public relations	1,354	3,088
Rent	34,726	34,726
Supplies	8,758	7,909
Scholarships	-	3,000
Telephone and internet	3,106	3,951
Wages	<u>292,039</u>	<u>276,067</u>
	<u>480,813</u>	<u>448,835</u>
Excess Of Revenue Over Expenditures		
Before Other Income	<u>58,381</u>	<u>1,806</u>
Other Income		
Government Assistance - Canada Emergency Wage Subsidy	29,591	42,979
Interest	<u>325</u>	<u>986</u>
	<u>29,916</u>	<u>43,965</u>
Excess Of Revenue Over Expenditures	<u>\$ 88,297</u>	<u>\$ 45,771</u>

Big Brothers Big Sisters of Sarnia-Lambton
Statement Of Changes In Net Assets
For The Year Ended March 31, 2022

	Internally Restricted	Unrestricted	2022 Total	2021
Balance, Beginning	\$ 1,184	\$ 221,536	\$ 222,720	\$ 176,949
Excess of Revenue Over Expenditures	<u>-</u>	<u>88,297</u>	<u>88,297</u>	<u>45,771</u>
Balance, Ending	<u>\$ 1,184</u>	<u>\$ 309,833</u>	<u>\$ 311,017</u>	<u>\$ 222,720</u>

Big Brothers Big Sisters of Sarnia-Lambton
Statement of Financial Position
March 31, 2022

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents (note 2)	\$ 433,788	\$ 226,242
Restricted cash (note 3)	38,597	23,321
Accounts receivable (note 7)	3,796	31,148
Government taxes recoverable	10,037	36,002
Prepaid expenses	<u>21,193</u>	<u>21,363</u>
	507,411	338,076
Capital assets (note 4)	<u>4,811</u>	<u>8,815</u>
	\$ <u>512,222</u>	\$ <u>346,891</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 33,262	\$ 9,275
Deferred revenue (note 5)	<u>127,943</u>	<u>74,896</u>
	161,205	84,171
Canada emergency business account (note 9)	<u>40,000</u>	<u>40,000</u>
	201,205	124,171
Net Assets		
Net assets internally restricted (note 6)	1,184	1,184
Unrestricted net assets	<u>309,833</u>	<u>221,536</u>
	311,017	222,720
	\$ <u>512,222</u>	\$ <u>346,891</u>
Commitment (note 8)		
Contingency (note 11)		
On Behalf Of The Board		
	_____ Chair	
	_____ Treasurer	

Big Brothers Big Sisters of Sarnia-Lambton
Statement of Cash Flows
For The Year Ended March 31, 2022

	2022	2021
Cash Provided By (Used For)		
Operating Activities		
Excess of revenue over expenditures	\$ 88,297	\$ 45,771
Items not requiring cash:		
Amortization	<u>4,004</u>	<u>6,143</u>
	92,301	51,914
Net change in non-cash working capital items affecting operations:		
Accounts receivable	27,352	(20,339)
Government taxes recoverable	25,965	(7,847)
Prepaid expenses	170	(5,222)
Accounts payable and accrued liabilities	23,987	(3,155)
Deferred revenue	<u>53,047</u>	<u>11,040</u>
	<u>222,822</u>	<u>26,391</u>
Investing Activities		
Purchase of capital assets	<u>-</u>	<u>(8,427)</u>
Financing Activities		
Canada emergency business account	<u>-</u>	<u>40,000</u>
Increase In Cash Position	222,822	57,964
Cash Position, Beginning	<u>249,563</u>	<u>191,599</u>
Cash Position, Ending	<u><u>\$ 472,385</u></u>	<u><u>\$ 249,563</u></u>

Supplemental Cash Flow Information:

Represented By:

Cash	\$ 320,847	\$ 113,707
Redeemable term deposit	<u>112,941</u>	<u>112,535</u>
Total unrestricted cash and cash equivalents (note 2)	433,788	226,242
Restricted cash (note 3)	<u>38,597</u>	<u>23,321</u>
	<u><u>\$ 472,385</u></u>	<u><u>\$ 249,563</u></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, 2022

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

2022

2021

Included in cash and cash equivalents is the following:

Unrestricted cash in banks and on hand	\$ <u>320,847</u>	\$ <u>113,707</u>
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.	-	61,199
CIBC term deposit bearing interest at the rate of 0.400%, maturing September 22, 2022.	51,465	-
CIBC term deposit bearing interest at the rate of 0.350%, maturing September 29, 2022.	<u>61,476</u>	-
	<u>112,941</u>	<u>112,535</u>
	\$ <u>433,788</u>	\$ <u>226,242</u>

Notes continued on page 9....

Big Brothers Big Sisters of Sarnia-Lambton
Notes To Financial Information
March 31, 2022

3. Restricted Cash	2022	2021
Cash from bingo and lottery fund raising whose expenditure must be approved by the City of Sarnia.	\$ <u>38,597</u>	\$ <u>23,321</u>

4. Capital Assets			2022	2021
	Cost	Accumulated Amortization	Net	Net
Furniture and Equipment	\$ 59,815	\$ 59,815	\$ -	\$ -
Computers and Software	<u>28,911</u>	<u>24,100</u>	<u>4,811</u>	<u>8,815</u>
	<u>\$ 88,726</u>	<u>\$ 83,915</u>	<u>\$ 4,811</u>	<u>\$ 8,815</u>

5. Deferred Revenue	2022	2021
This balance represents funds received for which the related expenditure has not yet been made and consists of the following:		
Catherine Wilson Foundation	\$ -	\$ 1,258
Sailing	-	420
Ministry of Education	-	13,689
Tennis Lessons	-	1,575
Big Night In 2	-	2,750
Verstraaten Little Brother Needs	4,088	4,998
Awards/Christmas	794	1,054
Big Squeeze Sponsor	2,500	2,500
Arlanxeo Canada	2,000	2,000
Suncor	15,000	6,750
BBBS of Ontario Endowment Foundation	20,940	10,950
Afterschool Program Funding	6,125	8,660
Provincial Lottery	12,622	8,113
BBBS Windsor/Essex	28,736	10,179
Duc Cruise	5,090	-
Spring Show and Sale	17,605	-
Bike Ride	4,000	-
BBBS Peel	2,000	-
McHappy Days	1,406	-
Activity fund for kids sports	<u>5,037</u>	<u>-</u>
	<u>\$ 127,943</u>	<u>\$ 74,896</u>

Notes continued on page 10....

Big Brothers Big Sisters of Sarnia-Lambton
Notes To Financial Information
March 31, 2022

6. Net Assets Internally Restricted **2022** **2021**

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 **2022** **2021**

Canada Emergency Wage Subsidy	\$ 930	\$ 21,480
Trade Receivables	<u>2,866</u>	<u>9,668</u>
	<u>\$ 3,796</u>	<u>\$ 31,148</u>

Trade accounts receivables include impaired receivables of \$Nil (2021 - Nil) and are net of an allowance for doubtful accounts of \$Nil (2021 - \$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 **2022** **2021**

Canada Emergency Business Account Loan, interest-free, maturing in December 2023.	\$ <u>40,000</u>	\$ <u>40,000</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, 2023.
- No principal payments due until December 31, 2023.
- 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 borrowed amount is \$40,000, and \$30,000 is paid back by December 31, 2023.
- If the balance is not paid by December 31, 2023, the remaining balance will be converted to a 2-year term loan at 5% annual interest, paid monthly, effective January 1, 2024.
- 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, 2023.

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. Contingency

The nature of the Organization's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at March 31, 2022, the ultimate outcomes are indeterminable as litigation is still in progress. The Organization's management is of the opinion that the Organization has adequate insurance coverage to offset the amount of any claims and related costs, if any. Consequently, no provision for potential outlays above the deductibles claimed (\$19,103) is reflected in these financial statements.

12. 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 2021-22 year end. To make up for decreases to funding and cancellation of fundraising events the Organization has:

- Applied for and received \$29,591 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.