

Big Brothers Big Sisters Of Sarnia - Lambton

Independent Auditor's Report

March 31, 2024

Big Brothers Big Sisters Of Sarnia - Lambton

March 31, 2024

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To the Members of Big Brothers Big Sisters of Sarnia - Lambton:

## Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Sarnia - Lambton (the "Organization"), which comprise the statement of financial position as at March 31, 2024, 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, 2024, 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 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. The audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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.

## Other Matter

The financial statements of the Big Brothers Big Sisters of Sarnia - Lambton for the year ended March 31, 2023 were audited by Baker Tilly Sarnia LLP of Sarnia, Ontario, Canada, prior to its merger with MNP LLP. Baker Tilly Sarnia LLP expressed a qualified opinion on those statements on October 24, 2023 for the reasons described in the Basis for Qualified opinion paragraph.

## 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.

### 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 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 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 16, 2024

**MNP** LLP

Chartered Professional Accountants

Licensed Public Accountants

Big Brothers Big Sisters of Sarnia-Lambton  
Statement Of Operations  
For The Year Ended March 31, 2024

	2024	2023
Revenue		
United Way of Sarnia-Lambton	\$ 130,000	\$ 130,000
Grants	110,648	137,382
Donations	117,088	61,310
Fundraising	222,959	215,095
Rental	17,200	9,900
Miscellaneous	<u>33,756</u>	<u>-</u>
	<u>631,651</u>	<u>553,687</u>
Expenditures		
Amortization	1,404	3,406
BBBS affiliation dues	10,939	12,000
Credit card and bank charges	42	647
Copying	2,687	2,634
Computer	7,887	8,419
Employee benefits	53,929	51,973
Fundraising expenses	49,499	23,477
Insurance	24,820	60,382
Maintenance and janitorial	338	12
Membership fees	1,073	1,669
Mileage	1,492	1,998
Postage	306	153
Program expenses	6,610	6,450
Professional development	640	234
Professional fees	10,429	8,411
Public relations	1,462	1,973
Rent	34,726	34,726
Supplies	5,484	9,417
Telephone and internet	2,946	3,046
Wages	<u>273,612</u>	<u>309,531</u>
	<u>490,325</u>	<u>540,558</u>
Excess Of Revenue Over Expenditures Before Other Income	<u>141,326</u>	<u>13,129</u>
Other Income		
Forgiveable portion of CEBA loan	10,000	-
Interest	<u>2,575</u>	<u>1,180</u>
Excess Of Revenue Over Expenditures	<u>\$ 153,901</u>	<u>\$ 14,309</u>

Big Brothers Big Sisters of Sarnia-Lambton  
Statement Of Changes In Net Assets  
For The Year Ended March 31, 2024

	Internally Restricted	Unrestricted	2024 Total	2023
Balance, Beginning	\$ 1,184	\$ 350,538	\$ 351,722	\$ 311,017
Excess of Revenue Over Expenditures	-	153,901	153,901	14,309
Unrestricted Net Asset Adjustment	<u>-</u>	<u>(39)</u>	<u>(39)</u>	<u>26,396</u>
Balance, Ending	<u>\$ 1,184</u>	<u>\$ 504,400</u>	<u>\$ 505,584</u>	<u>\$ 351,722</u>

Big Brothers Big Sisters of Sarnia-Lambton  
Statement of Financial Position  
March 31, 2024

	2024	2023
<b>Assets</b>		
Current Assets		
Cash and cash equivalents (note 2)	\$ 590,358	\$ 506,536
Restricted cash (note 3)	48,862	54,611
Accounts receivable (note 7)	4,397	6,604
Government taxes recoverable	26,049	17,928
Prepaid expenses	<u>26,211</u>	<u>16,083</u>
	695,877	601,762
Capital assets (note 4)	<u>-</u>	<u>1,404</u>
	<u>\$ 695,877</u>	<u>\$ 603,166</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 11,050	\$ 8,448
Deferred revenue (note 5)	<u>179,243</u>	<u>202,996</u>
	190,293	211,444
Canada emergency business account (note 9)	<u>-</u>	<u>40,000</u>
	<u>190,293</u>	<u>251,444</u>
<b>Net Assets</b>		
Net assets internally restricted (note 6)	1,184	1,184
Unrestricted net assets	<u>504,400</u>	<u>350,538</u>
	<u>505,584</u>	<u>351,722</u>
	<u>\$ 695,877</u>	<u>\$ 603,166</u>

Commitment (note 8)

Contingency (note 11)

Approved On Behalf Of The Board

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Big Brothers Big Sisters of Sarnia-Lambton  
Statement of Cash Flows  
For The Year Ended March 31, 2024

	2024	2023
<b>Cash Provided By (Used For)</b>		
<b>Operating Activities</b>		
Excess of revenue over expenditures	\$ 153,901	\$ 14,309
Items not requiring cash:		
Amortization	1,404	3,406
Undrestricted capital adjustment	<u>(39)</u>	<u>26,396</u>
	155,266	44,111
Net change in non-cash working capital items affecting operations:		
Accounts receivable	2,207	(2,807)
Government taxes recoverable	(8,121)	(7,891)
Prepaid expenses	(10,128)	5,110
Accounts payable and accrued liabilities	2,602	(24,814)
Deferred revenue	<u>(23,753)</u>	<u>75,053</u>
	<u>118,073</u>	<u>88,762</u>
<b>Financing Activities</b>		
Canada emergency business account	<u>(40,000)</u>	<u>-</u>
<b>Increase In Cash Position</b>	<b>78,073</b>	<b>88,762</b>
<b>Cash Position, Beginning</b>	<u><b>561,147</b></u>	<u><b>472,385</b></u>
<b>Cash Position, Ending</b>	<u><b>\$ 639,220</b></u>	<u><b>\$ 561,147</b></u>

**Supplemental Cash Flow Information:**

**Represented By:**

Cash	\$ 475,194	\$ 393,173
Redeemable term deposit	<u>115,164</u>	<u>113,363</u>
Total unrestricted cash and cash equivalents (note 2)	590,358	506,536
Restricted cash (note 3)	<u>48,862</u>	<u>54,611</u>
	<u><b>\$ 639,220</b></u>	<u><b>\$ 561,147</b></u>



## Nature Of Activities

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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.

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## 1. Significant Accounting Policies

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### Basis of Presentation

The financial statements have been prepared in accordance with Canadian Accounting 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, 2024

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**1. Significant Accounting Policies** cont'd...

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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 and accrued liabilities.

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.

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**2. Cash and Cash Equivalents**

2024

2023

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Included in cash and cash equivalents is the following:

Unrestricted cash in banks and on hand	\$ <u>475,194</u>	\$ <u>393,173</u>
CIBC term deposit bearing interest at the rate of 2.75%, maturing September 23, 2024.	52,910	-
CIBC term deposit bearing interest at the rate of 3.15%, maturing October 7, 2024.	62,254	-
CIBC term deposit bearing interest at the rate of 2.40%, maturing September 22, 2023.	-	51,671
CIBC term deposit bearing interest at the rate of 0.90%, maturing October 3, 2023.	<u>-</u>	<u>61,692</u>
	<u>115,164</u>	<u>113,363</u>
	<u>\$ 590,358</u>	<u>\$ 506,536</u>

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Big Brothers Big Sisters of Sarnia-Lambton  
Notes To Financial Information  
March 31, 2024

3. Restricted Cash	2024	2023
Cash from bingo and lottery fund raising whose expenditure must be approved by the City of Sarnia.	\$ <u>48,862</u>	\$ <u>54,611</u>

4. Capital Assets	2024		2023	
	Cost	Accumulated Amortization	Net	Net
Furniture and Equipment	\$ 59,815	\$ 59,815	\$ -	\$ -
Computers and Software	<u>28,911</u>	<u>28,911</u>	<u>-</u>	<u>1,404</u>
	<u>\$ 88,726</u>	<u>\$ 88,726</u>	<u>\$ -</u>	<u>\$ 1,404</u>

5. Deferred Revenue	2024	2023
This balance represents funds received for which the related expenditure has not yet been made and consists of the following:		
CIBC Hines Investment	\$ -	\$ 1,419
Wilson Foundation	-	1,466
Sarnia Community Foundation	2,607	5,700
Dueling Pianos	-	7,030
W.R Comm Foundation	6,778	10,000
Verstraaten Little Brother Needs	3,299	3,788
Big Slow Roll	650	-
Arlanxeo Canada	2,000	2,000
Suncor	15,000	15,000
BBBS of Ontario Endowment Foundation	61,040	53,730
Afterschool Program Funding	1,590	19,194
Provincial Lottery	12,622	12,622
BBBS Windsor/Essex	272	33,461
GO Girls	13,150	-
Spring Show and Sale	19,090	32,512
Nepal Trek Pledges	6,230	-
BBBS Peel	4,095	2,000
UW Virtual ISM	15,518	-
Shell	2,273	-
ISM - Sting Assists	10,000	-
Activity fund for kids sports	<u>3,029</u>	<u>3,074</u>
	<u>\$ 179,243</u>	<u>\$ 202,996</u>

Notes continued on page 8...

Big Brothers Big Sisters of Sarnia-Lambton  
Notes To Financial Information  
March 31, 2024

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**6. Net Assets Internally Restricted**

2024

2023

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>

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**7. Accounts Receivable**

2024

2023

Trade Receivables	<u>\$ 4,397</u>	<u>\$ 6,604</u>
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Trade accounts receivables include impaired receivables of \$Nil (2023 - \$Nil) and are net of an allowance for doubtful accounts of \$Nil (2023 - \$Nil).

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**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.

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**9. Canada Emergency Business Account**

2024

2023

Canada Emergency Business Account Loan, interest-free, paid in December 2023.	<u>\$ -</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 January 18, 2024.
- No principal payments due until January 18, 2024.
- Principal repayments can be voluntarily made at any time without fees or penalties.

Notes continued on page 9...

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

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- \$10,000 loan forgiveness is available, provided borrowed amount is \$40,000, and \$30,000 is paid back by January 18, 2024.
- If the balance is not paid by January 18, 2024, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 19, 2024.
- The full balance must be repaid by no later than December 31, 2026.

Balance of loan was paid by the organization in January 2024 and the \$10,000 loan forgiveness was received.

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#### 10. Financial Instruments Risks Disclosures

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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 counter party may default on its contractual obligations resulting in a financial loss. The Organization is exposed to credit risk to the extent that it cannot collect its accounts receivable.

##### **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...

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### 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.

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## 11. Contingency

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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, 2024, 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 \$36,310 (2023 - \$NIL) is reflected in these financial statements.