



Financial Statements

Big Brothers Big Sisters of North & West
Niagara

December 31, 2020

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Independent Auditor's Report

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To the Directors of
Big Brothers Big Sisters of North & West Niagara

Qualified opinion

We have audited the financial statements of Big Brothers Big Sisters of North & West Niagara, which comprise the statement of financial position as at December 31, 2020, and the statements of revenues, expenses and net assets and 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 financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of North & West Niagara as at December 31, 2020 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 association derives revenue from 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 association. Therefore, we were not able to determine whether any adjustments might be necessary to donations and special events revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 association 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 association'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

Independent Auditor's Report

association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association'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 association'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 association'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 association 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.

Report on other legal and regulatory requirements

As required by Section 96(2) of the Corporations Act, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

St. Catharines, Canada
May 18, 2021

Chartered Professional Accountants
Licensed Public Accountants

Big Brothers Big Sisters of North & West Niagara Statement of Financial Position

December 31 2020 2019

Assets

Current

Cash	\$ 388,546	\$ 236,390
Term deposits	5,447	5,558
Marketable securities (Note 3)	243,045	233,078
Accounts receivable (Note 7)	108,054	-
HST receivable	5,527	9,782
Prepaid expenses	<u>10,867</u>	<u>3,349</u>
	761,486	488,157

Long-term

Property and equipment (Note 4)	<u>212,241</u>	<u>203,212</u>
	\$ 973,727	\$ 691,369

Liabilities

Current

Accounts payable and accrued liabilities	\$ 53,833	\$ 27,491
Government remittances payable	10,734	11,618
Deferred grant revenue (Note 5)	<u>52,934</u>	<u>728</u>
	117,501	39,837

Long-term

Loan payable (Note 6)	<u>30,000</u>	<u>-</u>
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Net assets

Net assets invested in property and equipment	212,241	203,212
Unrestricted	<u>613,985</u>	<u>448,320</u>
	826,226	651,532
	\$ 973,727	\$ 691,369

On behalf of the board

_____ Director _____ Director

Big Brothers Big Sisters of North & West Niagara Statement of Revenues, Expenses and Net Assets

Year ended December 31	2020	2019
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Revenues		
Donations	\$ 167,160	\$ 252,122
Canada Emergency Wage Subsidy (Note 7)	177,463	-
United Way	89,650	94,498
United Way Emergency Fund	75,000	-
Special events	129,594	276,040
Grants (Note 5)	170,803	175,902
Investment income (Note 8)	19,536	31,146
Other income	<u>448</u>	<u>7,712</u>
	<u>829,654</u>	<u>837,420</u>
Expenses		
Salaries and benefits	478,174	572,150
Subcontract services	-	32,837
Special events	24,977	56,476
Program costs	4,343	8,267
Organizational development	2,322	12,842
Dues and fees	14,780	12,864
Promotion	15,746	8,760
Fundraising	8,753	-
Office	23,462	25,472
Professional fees	8,327	9,190
Mileage	2,712	10,368
Insurance and property taxes	24,985	17,257
Rent	9,355	9,355
Utilities and telephone	15,202	15,107
Repairs and maintenance	2,857	7,928
Bank and credit card charges	8,045	12,004
Amortization	<u>10,920</u>	<u>6,793</u>
	<u>654,960</u>	<u>817,670</u>
Excess of revenues over expenses	<u>\$ 174,694</u>	<u>\$ 19,750</u>
<hr/>		
Net assets, beginning of year	\$ 651,532	\$ 631,782
Excess of revenues over expenses	<u>174,694</u>	<u>19,750</u>
Net assets, end of year	<u>\$ 826,226</u>	<u>\$ 651,532</u>

Big Brothers Big Sisters of North & West Niagara Statement of Cash Flows

December 31	2020	2019
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Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	\$ 174,694	\$ 19,750
Amortization	10,920	6,793
Unrealized gain on marketable securities	<u>(9,170)</u>	<u>(23,363)</u>
	176,444	3,180
Change in non-cash working capital items		
Accounts and HST receivable	(103,799)	40,831
Prepaid expenses	(7,518)	(1,207)
Accounts payable and accrued liabilities	25,458	3,235
Deferred grant revenue	<u>52,206</u>	<u>(43,182)</u>
	<u>142,791</u>	<u>2,857</u>
Investing		
Purchase of marketable securities	(798)	(4,995)
Redemption (purchase) of term deposits	111	(69)
Purchase of property and equipment	<u>(19,948)</u>	<u>-</u>
	<u>(20,635)</u>	<u>(5,064)</u>
Financing		
Loan advance	<u>30,000</u>	<u>-</u>
Increase (decrease) in cash	152,156	(2,207)
Cash		
Beginning of year	<u>236,390</u>	<u>238,597</u>
End of year	<u>\$ 388,546</u>	<u>\$ 236,390</u>

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

December 31, 2019

1. Nature of operations

Big Brothers Big Sisters of North & West Niagara (Association) was established to provide companionship and guidance to single parent children. The Association is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is a registered charity under the Income Tax Act. As such it is exempt from income taxes.

2. Significant accounting policies

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

Financial instruments

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

The Association subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized on the statement of revenues, expenses and net assets.

Financial assets and liabilities measured at amortized cost include cash, term deposits, contributions receivable and HST receivable, accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses.

Property and equipment

Capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided for over the estimated useful life of the asset.

The amortization rates and methods used for each class of capital assets are:

Building	4%	Declining balance
Furniture and equipment	20%	Declining balance
Computers	3	Years straight-line

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

December 31, 2019

2. Significant accounting policies (continued)

Revenue recognition

The Association follows the deferral method of accounting for contributions which include donations and grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, term deposits are disclosed separately.

Contributed material and services

The Association receives benefits from a substantial amount of volunteer services as well as donations in kind of merchandise; no amounts have been reflected in the statements for these items.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

Items subject to significant management estimates include estimated useful lives of property and equipment and revenue recognition of deferred grants.

3. Marketable securities

	2020	% of total	2019	% of total
Investments quoted in an active market, at fair value:				
Mutual funds	\$ 216,897	89 %	\$ 207,391	89 %
Equities	<u>26,148</u>	<u>11 %</u>	<u>25,688</u>	<u>11 %</u>
	<u>\$ 243,045</u>	<u>100 %</u>	<u>\$ 233,079</u>	<u>100 %</u>

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

December 31, 2019

4. Property and equipment

			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 114,895	\$ -	\$ 114,895	\$ 114,895
Building	215,691	135,423	80,268	83,613
Furniture and equipment	62,440	59,727	2,713	3,639
Computers	<u>48,182</u>	<u>33,817</u>	<u>14,365</u>	<u>1,065</u>
	<u>\$ 441,208</u>	<u>\$ 228,967</u>	<u>\$ 212,241</u>	<u>\$ 203,212</u>

5. Deferred grant revenue

Deferred grant revenues relate to restricted contributions for special projects or specified purposes. These grants and the changes in the deferred revenue balances are as follows:

	<u>2019</u>			<u>2020</u>
	<u>Deferred balance</u>	<u>Amount received / receivable</u>	<u>Amount recognized</u>	<u>Deferred balance</u>
Ontario Trillium Foundation				
Capital Grant (2007)	\$ 728	\$ -	\$ (145)	\$ 583
Government of Canada (Note 6)	-	15,000	(15,000)	-
Ontario Ministry of Education Grant	-	89,676	(89,676)	-
Game On! Grants	-	44,333	(34,333)	10,000
Niagara Community Foundation Grant	-	19,000	(6,649)	12,351
Walker Family Foundation Grant	-	5,000	(5,000)	-
The Branscombe Family				
Foundation Grant	<u>-</u>	<u>50,000</u>	<u>(20,000)</u>	<u>30,000</u>
	<u>\$ 728</u>	<u>\$ 223,009</u>	<u>\$ (170,803)</u>	<u>\$ 52,934</u>

6. Loan payable

	<u>2020</u>	<u>2019</u>
Canada Emergency Business Account ("CEBA") term loan, 0% interest, no principal payments required, matures December 2022	<u>\$ 30,000</u>	<u>\$ -</u>

During the year, the Association applied for the CEBA loan and received \$40,000 to cover current year expenses impacted by the COVID-19 pandemic. At year-end management believes that they will be able to repay 75% of the loan by December 31, 2022 and therefore the \$10,000 forgivable portion of the loan has been recognized as grant income. No principal payments are required until 2022 but voluntary payments can be made at any time without fees or penalties. In the event that there is a remaining balance after December 31, 2022 it shall be converted to a non-revolving three-year term loan at 5% interest, maturing on December 31, 2025.

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

December 31, 2019

7. Canada Emergency Wage subsidy

In April 2020, the Association applied for funding from the Federal government under the Canada Emergency Wage Subsidy Program ("CEWS"). Under the CEWS program, the Association is entitled to receive a subsidy equal to 75% of an employee's wages – up to a set amount per week. On May 15, 2020, the Canadian government announced the extension of the CEWS program until August 29, 2020, along with a retroactive broadening of eligibility for the CEWS. On July 27, 2020 November 30, 2020 and April 19, 2021, the Canadian government passed additional CEWS changes, including a further extension of the program until September 25, 2021; the Association will be able to benefit from the revised subsidy. On July 27, 2020 the Canadian government amended the program to provide a variable subsidy rate depending on how much the entity's revenue decreased. These changes are retroactively effective for claim periods starting July 5, 2020. Entities have the choice between the old calculation or the new one for July and August and must use the new calculation commencing September 2020. The Association used the old calculation for its July and August 2020 CEWS claims and commenced using the new calculation in September. During the year ended December 31, 2020, the Association recognized payroll subsidies under CEWS of \$168,696 and 10% Temporary Wage Subsidy of \$8,767. These subsidies were recognized as revenue totaling \$177,463. Included in accounts receivable is \$106,554 CEWS claims for September to December 2020.

8. Investment income

Investment income earned on investments recorded at fair value consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and other mutual fund distributions	\$ 9,173	6,357
Dividend income	1,193	1,426
Unrealized gain on marketable securities	<u>9,170</u>	<u>23,363</u>
	<u>\$ 19,536</u>	<u>\$ 31,146</u>

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

December 31, 2019

9. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2020:

Market risk

Market risk is the risk that the fair value or expected 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. The Association is mainly exposed to interest rate risk and other price risk.

(i) 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 Association is exposed to interest rate risk with respect to investments in fixed rate term deposits.

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, 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 Association is exposed to other price risk primarily through its holdings of marketable securities.

9. Impacts of COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in a economic slowdown. Governments and central banks have responded with monetary and fiscal interventions in an attempt to stabilize economic conditions.

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Association for future periods. In March 2020, the Association dramatically curtailed its operations in order to limit the exposure of the virus. The Association has successfully applied for government incentives available to assist with the decline in revenue resulting from the pandemic. As at the audit report date, the Association has experienced a decline in donations and special events revenues relative to historical trends. However, the Association anticipates that available liquid assets and ongoing cost mitigation efforts will provide the necessary support to sustain the Association.