Grant Thornton

Financial Statements

Big Brothers Big Sisters of North & West Niagara

December 31, 2022

Contents

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Independent Auditor's Report

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

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Big Brothers Big Sisters of North & West Niagara (the "Association"), which comprise the statement of financial position as at December 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 Association as at December 31, 2022, 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 of 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2022 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.

Independent Auditor's Report (continued)

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 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.

Independent Auditor's Report (continued)

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.

Grant Thornton LLP

St. Catharines, Canada
May 16, 2023

Chartered Professional Accountants
Licensed Public Accountants

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

December 31	**2022**	2021
Assets		
Current		
Cash	**$ 396,829**	$ 512,508
Term deposits (Note 3)	**58,000**	5,447
Marketable securities (Note 4)	**227,452**	258,514
Accounts receivable (Note 5)	**6,064**	74,475
Prepaid expenses	**2,795**	-
	691,140	850,944
Long-term		
Property and equipment (Note 8)	**261,378**	220,661
	$ 952,518	$ 1,071,605
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 34,284**	$ 41,718
Government remittances payable	**7,768**	8,553
Deferred grant revenue (Note 9)	**81,712**	67,947
	123,764	118,218
Long-term		
Loan payable (Note 10)	**-**	40,000
	123,764	158,218
Net Assets		
Unrestricted	**567,376**	692,726
Invested in property and equipment	**261,378**	220,661
	828,754	913,387
	$ 952,518	$ 1,071,605

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Big Brothers Big Sisters of North & West Niagara
Statement of Operations

Year ended December 31	**2022**	2021
Revenues		
Grants (Note 9)	**$ 297,716**	$ 301,401
Donations	**272,465**	231,644
Special events	**223,942**	86,557
United Way	**95,627**	89,650
Government assistance (Note 6)	**-**	217,316
Investment (loss) income (Note 7)	**(20,092)**	27,699
	869,658	954,267
Expenditures		
Salaries and benefits	**652,354**	618,390
Special events	**55,457**	36,781
Office and general	**54,682**	38,965
Repairs and maintenance	**25,936**	25,181
Insurance and property taxes	**22,203**	22,677
Promotion	**21,830**	40,763
Utilities and telephone	**18,483**	16,260
Professional fees	**22,141**	14,810
Dues and fees	**12,443**	14,170
Bank charges and interest	**12,311**	8,491
Program supplies	**11,062**	4,144
Organizational development	**9,895**	1,332
Rent	**8,478**	9,177
Mileage	**5,693**	214
Amortization	**21,323**	15,751
	954,291	867,106
(Deficiency) excess of revenues over expenditures	**$ (84,633)**	$ 87,161

See accompanying notes to the financial statements.

Big Brothers Big Sisters of North & West Niagara
Statement of Changes in Net Assets
Year ended December 31

	Unrestricted	Invested in property and equipment	Total 2022	Total 2021
Balance, beginning of year	$ 692,726	$ 220,661	**$ 913,387**	$ 826,226
(Deficiency) excess of revenues over expenditures	(63,310)	(21,323)	**(84,633)**	87,161
Purchases of property and equipment	-	62,040	**62,040**	24,171
Transfer to invested in property and equipment	(62,040)	-	**(62,040)**	(24,171)
Balance, end of year	**$ 567,376**	**$ 261,378**	**$ 828,754**	$ 913,387

See accompanying notes to the financial statements.

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

Year ended December 31	**2022**	2021
Increase (decrease) in cash		
Operating		
(Deficiency) excess of revenues over expenditures	**$ (84,633)**	$ 87,161
Items not affecting cash		
Amortization	**21,323**	15,751
Loan forgiveness	**-**	(10,000)
Unrealized loss (gain) on marketable securities (Note 7)	**32,346**	(11,939)
	(30,964)	80,973
Change in non-cash working capital items		
Accounts receivable	**68,411**	39,106
Prepaid expenses	**(2,795)**	10,867
Accounts payable and accrued liabilities	**(7,434)**	(12,115)
Government remittances payable	**(785)**	(2,181)
Deferred grant revenue	**13,765**	15,013
	40,198	131,663
Financing		
Repayment of loan payable	**(40,000)**	-
Proceeds of loan payable	**-**	20,000
	(40,000)	20,000
Investing		
Purchase of marketable securities	**(1,284)**	(3,530)
Purchase of term deposits	**(58,000)**	-
Proceeds on sale of term deposits	**5,447**	-
Purchase of property and equipment	**(62,040)**	(24,171)
	(115,877)	(27,701)
(Decrease) increase in cash	**(115,679)**	123,962
Cash		
Beginning of year	**512,508**	388,546
End of year	**$ 396,829**	$ 512,508

See accompanying notes to the financial statements.

1. Nature of operations

Big Brothers Big Sisters of North & West Niagara (the "Association") was established to ignite the power and potential of young people by enabling life-changing mentoring relationships. 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 Association follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

Fund accounting

For financial reporting purposes, the accounts have been classified into the following funds:

Unrestricted Fund

The Unrestricted Fund comprises the unrestricted resources available for operating purposes.

Invested in Property and Equipment

Invested in Property and Equipment comprises the net resources that the Association has invested in the purchase of property and equipment net of related financing (if any) and accumulated amortization of the assets.

Financial instruments

The Association accounts for the following as financial instruments:

- cash
- term deposits
- accounts receivables
- marketable securities
- accounts payable
- loan payable

A financial asset or liability is recognized when the Association becomes party to contractual provisions of the instrument.

Financial assets or liabilities obtained in arm’s length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption.

2. Significant accounting policies (continued)

Financial instruments (continued)

The Association subsequently measures all of its financial assets and financial 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 operations..

Financial assets measured at amortized cost include cash, term deposits and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and loan payable. Financial instruments measured at fair value include marketable securities.

The fair value of investments in publicly traded companies has been determined using the closing price at year end.

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 net income.

Financial instruments in related party transactions

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Association does not have any financial assets or financial liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Association initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Association has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

2. Significant accounting policies (continued)

Revenue recognition

The Association follows the deferral method of accounting for contributions which includes grants and donations. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Restricted contributions are recognized as revenue in the year in which the related expenses are made. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income

Interest revenue is recognized on a time proportion basis.

Dividend revenue is recognized when the right to receive a dividend has been established.

Other types of revenue are recorded in the period in which they are earned and measurement and collectability is reasonable assured.

Contributed material and services

The Association receives benefits from donations in kind of merchandise and donated services. Volunteers contributed time to assist the Association in carrying out its programs. Because of the difficulty of determining their fair value, contributed material and services are not recognized in the financial statements.

Cash

Cash consist of short-term investments with an initial maturity of three months or less.

Property and equipment

Property and equipment 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 used for each class of property and equipment are:

Building	4% Declining balance
Parking lot	10 years Straight-line
Furniture and equipment	20% Declining balance
Signs	10 years Straight-line
Computers	3 years Straight-line

2. Significant accounting policies (continued)

Impairment of long-lived assets

The Association tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Government assistance

Government subsidies are recognized when received or receivable if the amount to be received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Subsidies received to cover current period expenses are recognized in the statement of operations as government assistance.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet 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 net income as appropriate in the year they become known.

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

3. Term deposits

The term deposits bear interest from 5.10% to 5.11% and mature between December 7, 2023 and December 11, 2023.

4. Marketable securities

Investments quoted in an active market, at fair value:

	2022	2021
Mutual funds	**$ 195,627**	$ 224,951
Equities	**31,825**	33,563
	$ 227,452	$ 258,514

5. Accounts receivable

	2022	2021
HST receivable	$ 5,872	$ 17,475
Accrued interest	192	-
Grant receivable	-	57,000
	$ 6,064	$ 74,475

6. Government assistance

In 2021, the Association applied for funding from the Federal government under the Canada Emergency Wage Subsidy Program (“CEWS”) and Canada Emergency Rent Subsidy ("CERS"). 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.

The Association recognized the forgivable portion of the CEBA loan as the loan was repaid in 2022.

	2022	2021
CEWS	$ -	$ 200,019
CEBA loan forgivable portion	-	10,000
CERS	-	7,297
	$ -	$ 217,316

As at December 31, 2022, $nil was receivable (2021 - $nil) relating to government assistance.

7. Investment income

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

	2022	2021
Interest	$ 3,806	$ 5,290
Dividends	3,792	1,906
Realized gain	4,656	8,566
Unrealized (loss) gain	(32,346)	11,937
	$ (20,092)	$ 27,699

8. Property and equipment

			2022	2021
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Land	$ 114,895	$ -	**$ 114,895**	$ 114,895
Building	215,691	141,716	**73,975**	77,057
Parking lot	37,964	3,796	**34,168**	-
Furniture and equipment	86,598	69,381	**17,217**	19,416
Signs	20,511	2,051	**18,460**	-
Computers	51,761	49,098	**2,663**	9,293
	$ 527,420	$ 266,042	**$ 261,378**	$ 220,661

9. 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:

	Balance, beginning of year	Received	Recognized	**Balance, end of year**
Ontario Trillium Resilient Fund	$ 7,407	$ 57,800	$ (48,314)	**$ 16,893**
Canadian Tire Jumpstart and Prevent Challenge Grants	10,500	66,000	(76,500)	**-**
Wise Guys Grant	24,295	-	(24,295)	**-**
The Branscombe Family Foundation Grant	25,745	50,000	(48,732)	**27,013**
St. Catharines Mayor's Golf Tournament	-	10,000	-	**10,000**
Town of Grimsby	-	2,181	-	**2,181**
The Joyce Family Foundation	-	40,000	(20,000)	**20,000**
Ministry of Education	-	85,500	(79,875)	**5,625**
	$ 67,947	$ 311,481	$ (297,716)	**$ 81,712**

10. Loan payable

	2022	2021
Canada Emergency Business Account ("CEBA") term loan	**$ -**	$ 40,000

In response to the COVID-19 crisis, the Government of Canada implemented the Canada Emergency Business Assistance ("CEBA") program that provides interest-free loans of up to $60,000 for eligible small businesses. In 2020, the Association applied for the CEBA loan and received $40,000 to cover expenses impacted by the COVID-19 pandemic. In the last year, they applied and received the top-op loan of $20,000. The full amount $40,000 has been repaid in current year.

11. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposures and concentrations at December 31, 2022. There have been no significant changes in these risks from the prior year.

(a) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities. The Association is exposed to this risk mainly in respect of the timing of receipt of funds from charitable organizations and payment of its loan payable and accounts payable.

(b) 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 on its loan payable and with respect to investments in fixed rate term deposits.

(ii) 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 interest rate risk or currency 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 Association is exposed to other price risk through its holdings of marketable securities.

12. Subsequent events

On November 10, 2022, the association announced their intention to amalgamate with Big Brothers Big Sisters of South Central Niagara in the 2023 year and subsequently operate under the name Big Brother Big Sisters of Niagara.