

Financial Statements

Big Brothers Big Sisters of North & West
Niagara

July 13, 2023

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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 July 13, 2023, and the statements of operations, changes in net assets and cash flows for the period from January 1, 2023 to July 13, 2023, 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 July 13, 2023, and the results of its operations and its cash flows for the period from January 1, 2023 to July 13, 2023 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 fundraising revenue, excess of revenues over expenses, and cash flows from operations for the period ended July 13, 2023 and the year ended December 31, 2022, current assets as at July 13, 2023 and December 31, 2022, and net assets as at July 13, 2023 and December 31, 2022. Our audit opinion on the financial statements for the period ended July 13, 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 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.

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

St. Catharines, Canada
January 9, 2024

Chartered Professional Accountants
Licensed Public Accountants

Big Brothers Big Sisters of North & West Niagara

Statement of Financial Position

July 13	July 13, 2023	December 31, 2022
Assets		
Current		
Cash	\$ 430,449	\$ 396,829
Term deposits (Note 3)	58,000	58,000
Marketable securities (Note 4)	234,152	227,452
Accounts receivable (Note 5)	18,819	6,064
Due from Big Brothers Big Sisters of South Central Niagara	19,311	-
Prepaid expenses	10,439	2,795
	<u>771,170</u>	<u>691,140</u>
Long-term		
Property and equipment (Note 7)	<u>270,769</u>	<u>261,378</u>
	<u>\$ 1,041,939</u>	<u>\$ 952,518</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 54,771	\$ 34,284
Government remittances payable	-	7,768
Deferred grant revenue (Note 8)	300,048	81,712
	<u>354,819</u>	<u>123,764</u>
Net Assets		
Unrestricted	416,351	567,376
Invested in property and equipment	<u>270,769</u>	<u>261,378</u>
	<u>687,120</u>	<u>828,754</u>
	<u>\$ 1,041,939</u>	<u>\$ 952,518</u>

On behalf of the Board



Director



Director

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

	January 1 to July 13, 2023	January 1 to December 31, 2022
Period from January 1, 2023 to July 13		
Revenues		
Grants	\$ 179,814	\$ 297,716
Special events	109,232	223,942
United Way	56,763	95,627
Donations	56,714	272,465
Investment (loss) income	17,987	(20,092)
	<u>420,510</u>	<u>869,658</u>
Expenditures		
Salaries and benefits	344,027	652,354
Professional fees	49,475	22,141
Special events	38,909	55,457
Office and general	25,880	54,682
Promotion	19,592	21,830
Organizational development	15,091	9,895
Dues and fees	12,459	12,443
Insurance and property taxes	12,321	22,203
Utilities and telephone	9,605	18,483
Mileage	6,421	5,693
Repairs and maintenance	5,336	25,936
Bank charges and interest	5,649	12,311
Program supplies	1,592	11,062
Rent	-	8,478
Amortization	15,787	21,323
	<u>562,144</u>	<u>954,291</u>
Deficiency of revenues over expenditures	<u>\$ (141,634)</u>	<u>\$ (84,633)</u>

Big Brothers Big Sisters of North & West Niagara

Statement of Changes in Net Assets

Period from January 1, 2023 to July 13

	Unrestricted	Invested in property and equipment	Total January 1 to July 13, 2023	Total January 1 to December 31, 2022
Balance, beginning of period	\$ 567,376	\$ 261,378	\$ 828,754	\$ 913,387
Deficiency of revenues over expenditures	(125,847)	(15,787)	(141,634)	(84,633)
Purchases of property and equipment	-	25,178	25,178	62,040
Transfer to invested in property and equipment	<u>(25,178)</u>	<u>-</u>	<u>(25,178)</u>	<u>(62,040)</u>
Balance, end of period	<u>\$ 416,351</u>	<u>\$ 270,769</u>	<u>\$ 687,120</u>	<u>\$ 828,754</u>

Big Brothers Big Sisters of North & West Niagara

Statement of Cash Flows

	January 1 to July 13, 2023	January 1 to December 31, 2022
Period from January 1, 2023 to July 13		
Increase (decrease) in cash		
Operating		
Deficiency of revenues over expenditures	\$ (141,634)	\$ (84,633)
Items not affecting cash		
Amortization	15,787	21,323
Unrealized loss (gain) on marketable securities (Note 7)	<u>(8,201)</u>	<u>32,346</u>
	(134,048)	(30,964)
Change in non-cash working capital items		
Accounts receivable	(12,755)	68,411
Prepaid expenses	(7,644)	(2,795)
Accounts payable and accrued liabilities	20,486	(7,434)
Government remittances payable	(7,768)	(785)
Deferred grant revenue	<u>218,336</u>	<u>13,765</u>
	<u>76,607</u>	<u>40,198</u>
Financing		
Repayment of loan payable	<u>-</u>	<u>(40,000)</u>
Investing		
Proceeds on disposal of marketable securities	1,502	-
Purchase of marketable securities	-	(1,284)
Purchase of term deposits	-	(58,000)
Proceeds on sale of term deposits	-	5,447
Advances to related party	(19,311)	-
Purchase of property and equipment	<u>(25,178)</u>	<u>(62,040)</u>
	<u>(42,987)</u>	<u>(115,877)</u>
Increase (decrease) in cash	33,620	(115,679)
Cash		
Beginning of period	<u>396,829</u>	<u>512,508</u>
End of period	<u>\$ 430,449</u>	<u>\$ 396,829</u>

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

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

Financial instruments in arm's length transactions

The Association accounts for the following as financial instruments:

- cash
- term deposits
- marketable securities
- accounts receivables
- Due from Big Brothers Big Sisters of South Central Niagara
- accounts 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.

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

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.

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

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
Computers	3 years Straight-line
Signs	10 years Straight-line

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

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:

	<u>July 13, 2023</u>	<u>December 31, 2022</u>
Mutual funds	\$ 202,122	\$ 195,627
Equities	<u>32,030</u>	<u>31,825</u>
	<u>\$ 234,152</u>	<u>\$ 227,452</u>

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

	July 13, 2023	December 31, 2022
5. Accounts receivable		
HST receivable	\$ 17,048	\$ 5,872
Accrued interest	1,771	192
	\$ 18,819	\$ 6,064

6. Investment income

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

	January 1 to July 13, 2023	January 1 to December 31, 2022
Interest	\$ 9,689	\$ 3,806
Dividends	660	3,792
Realized gain	(563)	4,656
Unrealized (loss) gain	8,201	(32,346)
	\$ 17,987	\$ (20,092)

7. Property and equipment

			July 13, 2023	December 31, 2022
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 114,895	\$ -	\$ 114,895	\$ 114,895
Building	233,129	145,024	88,105	73,975
Parking lot	37,964	7,213	30,751	34,168
Furniture and equipment	86,598	72,824	13,774	17,217
Computers	59,500	52,870	6,630	2,663
Signs	20,511	3,897	16,614	18,460
	\$ 552,597	\$ 281,828	\$ 270,769	\$ 261,378

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

8. 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 period	Received	Recognized	Balance, end of period
Ontario Trillium Resilient Fund	\$ 16,893	\$ -	\$ (16,893)	\$ -
The Branscombe Family Foundation Grant	27,013	-	(27,013)	-
St. Catharines Mayor's Golf Tournament	10,000	-	(807)	9,193
Town of Grimsby	2,181	-	(2,181)	-
The Joyce Family Foundation	20,000	-	(20,000)	-
Ministry of Education	5,625	31,065	(34,112)	2,578
Trillum Grant Accessibility	-	119,000	(349)	118,651
Trillum Grant Resilient Communities	-	40,400	(16,844)	23,556
Accessibility Grant	-	75,423	-	75,423
John Deere Grant	-	15,000	(6,750)	8,250
Senior Horizon Grant	-	22,667	(1,653)	21,014
Niagara Community Foundation Donation	-	6,988	(6,988)	-
Niagara Community Foundation Amalgamation	-	51,980	(26,392)	25,588
Canada Summer Jobs	-	13,627	(7,832)	5,795
CAA Niagara Community Support Grant	-	10,000	-	10,000
Canadian Tire Jumpstart	-	12,000	(12,000)	-
	<u>\$ 81,712</u>	<u>\$ 398,150</u>	<u>\$ (179,814)</u>	<u>\$ 300,048</u>

Big Brothers Big Sisters of North & West Niagara

Notes to the Financial Statements

July 13, 2023

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 exposures and concentrations at July 13, 2023. 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.

10. Subsequent events

On July 14, 2023 the association amalgamated with Big Brothers Big Sisters of South Central Niagara and subsequently operate under the name Big Brother Big Sisters of Niagara.
