

**Big Brothers Big Sisters Of North Durham**  
**Financial Statements**  
Year Ended December 31, 2022

**Big Brothers Big Sisters Of North Durham**  
**Index to Financial Statements**  
Year Ended December 31, 2022

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Revenues and Expenditures	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



CPA PROFESSIONAL CORPORATION  
1595 Hwy 7A, Port Perry Ontario  
L9L 1B5  
elevationcpa.ca  
905-985-0006

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Big Brothers Big Sisters of North Durham

*Qualified Opinion*

I have audited the financial statements of Big Brothers Big Sisters of North Durham (the organization), which comprise the statement of financial position as at December 31, 2022, and the statements of revenues and expenditures, 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 my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the organization 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 organization. Therefore, I was 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 year ended December 31, 2022, current assets and net assets as at December 31, 2022. My audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

(continues)

*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 ASNPO, 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*

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

(*continues*)

Independent Auditor's Report to the Members of Big Brothers Big Sisters of North Durham *(continued)*

I 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 I identify during my audit.

Port Perry , Ontario  
June 5, 2023



ELEVATION CPA PROFESSIONAL CORPORATION  
Authorized to practise public accounting by  
The Institute of Chartered Accountants of Ontario

Big Brothers Big Sisters Of North Durham  
Statement of Financial Position  
December 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 130,737	\$ 130,087
Term deposits	250,000	150,000
Accounts receivable	233	-
Inventory	-	3,504
Interest receivable	1,625	383
Harmonized sales tax recoverable	7,648	3,735
Prepaid	567	810
	390,810	288,519
PROPERTY, PLANT AND EQUIPMENT (Note 4)	12,683	16,526
	\$ 403,493	\$ 305,045
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 3,024	\$ 4,480
Deferred revenue	57,844	17,272
Current portion of long term liabilities (Note 6)	40,000	-
	100,868	21,752
LONG TERM DEBT (Note 6)	-	40,000
	100,868	61,752
NET ASSETS	302,625	243,293
	\$ 403,493	\$ 305,045

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

**Big Brothers Big Sisters Of North Durham**  
**Statement of Revenues and Expenditures**  
Year Ended December 31, 2022

	2022	2021
<b>REVENUES</b>		
Grants	\$ 234,634	\$ 255,382
Fundraising events	164,320	91,107
Donations	46,293	31,318
Scout hall rental	13,918	4,935
GST/HST rebate	9,913	5,869
Canadian emergency wage subsidies	-	40,058
CEBA Grant	-	20,000
	<b>469,078</b>	<b>448,669</b>
<b>EXPENSES</b>		
Wages and benefits	216,228	229,566
Fundraising expenses	99,662	42,049
Little Brothers/Sisters expense	22,445	898
HST paid	14,224	8,422
Office and general	13,460	11,734
Dues and fees	9,423	4,808
Consulting fees	7,125	20,875
Insurance	6,600	5,235
Utilities and maintenance	5,974	4,607
Conventions and workshops	4,660	352
Amortization	4,624	3,136
Telephone and internet	2,762	3,112
Interest and bank charges	1,629	477
Advertising and promotion	1,603	888
Mileage	1,547	-
	<b>411,966</b>	<b>336,159</b>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>57,112</b>	<b>112,510</b>
<b>OTHER INCOME</b>		
Interest	2,220	460
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 59,332</b>	<b>\$ 112,970</b>

**Big Brothers Big Sisters Of North Durham**  
**Statement of Changes in Net Assets**  
Year Ended December 31, 2022

	2022		2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 243,293</b>	<b>\$</b>	<b>130,323</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>59,332</b>		<b>112,970</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 302,625</b>	<b>\$</b>	<b>243,293</b>



**Big Brothers Big Sisters Of North Durham**  
**Statement of Cash Flows**  
Year Ended December 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 59,332	\$ 112,970
Item not affecting cash:		
Amortization of property, plant and equipment	4,624	3,136
	63,956	116,106
Changes in non-cash working capital:		
Accounts receivable	(233)	8,752
Interest receivable	(1,242)	(383)
Inventory	3,504	89
Accounts payable	(1,457)	4,479
Deferred revenue	40,572	(63,991)
Harmonized sales tax recoverable	(3,913)	(418)
Prepaid	243	(262)
	37,474	(51,734)
Cash flow from operating activities	101,430	64,372
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(780)	(18,191)
Purchase of term deposits	(100,000)	(150,000)
Cash flow used by investing activities	(100,780)	(168,191)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	650	(103,819)
Cash - beginning of year	130,087	233,906
<b>CASH - END OF YEAR</b>	\$ 130,737	\$ 130,087

**Big Brothers Big Sisters Of North Durham**  
**Notes to Financial Statements**  
Year Ended December 31, 2022

---

1. PURPOSE OF THE ORGANIZATION

The purpose of our organization is to recruit suitable adults to act as big brothers/sisters and mentors to primarily single parent children in the area of North Durham. We monitor each match to ensure both parties benefit.

Big Brothers Big Sisters of North Durham is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Prepaid

Prepaid is for expenses paid for in the current year which relate to a future period.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized on a declining balance and straight-line basis over their useful lives at the following rates and amounts:

Computer equipment and software	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight-line method

Capital assets acquired during the year are amortized at one half the above annual rates and amounts.

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Deferred revenue

Funds received in the current year that will not be used until a future period, are classified as deferred revenues. This will arise when funds are received in advance for a project which has not been completed.

Revenue recognition

The organization recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers

*(continues)*

---

**Big Brothers Big Sisters Of North Durham**  
**Notes to Financial Statements**  
Year Ended December 31, 2022

---

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Grant revenue represents funds received from provincial and municipal governments and other charitable organizations and is recorded when received and if it relates to that particular period. Donations and facility rental are recognized upon receipt.

HST rebates are recognized when accrued.

Fund accounting

Big Brothers Big Sisters of North Durham follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

Measurement uncertainty

When preparing financial statements according to ASNPO, management makes estimates and assumptions relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

Estimates are based on a number of factors including historical experience, current events and actions that the organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ. In particular, estimates are used in accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, and legal contingencies.

Financial instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. The organization has not designated any financial asset or financial liability to be measured at fair value.

*(continues)*

---

**Big Brothers Big Sisters Of North Durham**  
**Notes to Financial Statements**  
Year Ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Volunteer services

Big Brothers Big Sisters of North Durham benefits from substantial donated services in the form of volunteer time. Since these invaluable services are not purchased by Big Brothers Big Sisters of North Durham, they are not recorded in these financial statements.

Donated goods

Big Brothers Big Sisters of North Durham benefits from donated goods. Determining fair value of these goods is difficult and often paired with donated services. The organization's policy for donated goods is not to recognize them in the financial statements.

3. TERM DEPOSITS

Term deposits consist of guaranteed investment certificates purchased during the year recorded at cost.

	2022	2021
3-month GIC maturing on 01/26/2023 yielding 4% interest	\$ 50,000	\$ -
1-year GIC maturing on 02/23/2023 yielding 0.8% interest	50,000	-
1-year GIC maturing on 02/23/2023 yielding 0.9% interest	50,000	-
6-month GIC maturing on 04/26/2023 yielding 4.7% interest	50,000	-
1-year GIC maturing on 09/26/2023 yielding 4.65% interest	50,000	-
1-year GIC matured on 02/19/2022	-	50,000
1-year GIC matured on 02/19/2022	-	50,000
1-year GIC matured on 09/24/2022	-	50,000
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 150,000</b>

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 13,017	\$ 11,137	\$ 1,880	\$ 3,330
Furniture and fixtures	12,177	3,914	8,263	9,920
Leasehold improvements	3,611	1,083	2,528	3,250
Computer software	1,708	1,696	12	26
	<b>\$ 30,513</b>	<b>\$ 17,830</b>	<b>\$ 12,683</b>	<b>\$ 16,526</b>

**Big Brothers Big Sisters Of North Durham**  
**Notes to Financial Statements**  
Year Ended December 31, 2022

5. DEFERRED REVENUE

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 17,272	\$ 81,263
Grants received from United Way	24,583	24,583
Amounts received for Winding Roads	59,367	-
Grants received from Ontario Trillium Foundation	82,800	59,300
Amounts received from Ministry of Education	19,500	15,060
Other grants received	87,956	92,448
	-	-
Subtotal	291,478	272,654
Less: grants recognized in the period	(234,634)	(255,382)
Other deferred revenue	1,000	-
Ending balance	<u>\$ 57,844</u>	<u>\$ 17,272</u>

6. LONG TERM DEBT

The organization applied for and received the \$40,000 Canadian Emergency Business Account Loan (CEBA) in 2020 and received an increase of \$20,000 in 2021, for a total of \$60,000 outstanding. The loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges.

The Loan is interest free to December 31, 2023. If the loan is paid back by December 31, 2023, \$20,000 of the loan will be forgiven. After December 31, 2023 the interest rate will be 5%. The organization intends to repay the loan before December 31, 2023. Since there is reasonable assurance that the organization will repay the loan on or before December 31, 2023, the loan has been reduced to the expected balance due of \$40,000 and the forgivable portion of \$20,000 was recorded as grant revenue in 2021.

Since the loan is repayable in one year, the balance is classified as a current liability for the 2022 fiscal year.

7. UNRESTRICTED NET ASSETS

Unrestricted net assets, which are comparable to the retained earnings of a for-profit organization, are available to sustain operations in the event of unforeseen conditions, such as a significant shortfall in fundraising efforts. At December 31, 2022 the unrestricted net assets are \$302,624 (2021 - \$243,293)

8. **FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2022 which remain unchanged from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. In order to reduce its credit risk, the organization reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, domestic term investments, prepaids, accrued revenue, deferred revenue, and accounts payable. Considering the liquid investments, there is not a significant risk in this area.

Fair values

The carrying amounts of financial instruments including cash, investments, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short maturity of these instruments.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its investment in domestic term deposits. The risk is not considered significant in this area.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

---