

Big Brothers Big Sisters Of North Durham
Financial Statements
Year Ended December 31, 2021

Big Brothers Big Sisters Of North Durham
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Year Ended December 31, 2021

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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, 2021, 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, 2021, 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, 2021, current assets and net assets as at December 31, 2021. My audit opinion on the financial statements for the year ended December 31, 2020 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)

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

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:

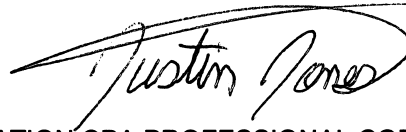
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.

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Independent Auditor's Report to the 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 23, 2022

A handwritten signature in black ink, appearing to read "Justin Jones", with a large, sweeping flourish above the name.

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, 2021

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 130,087	\$ 233,906
Term deposits (Note 3)	150,000	-
Accounts receivable	-	8,752
Inventory	3,504	3,593
Interest receivable	383	-
Harmonized sales tax recoverable	3,735	3,317
Prepaid	810	547
	288,519	250,115
PROPERTY, PLANT AND EQUIPMENT (Note 4)	16,526	1,471
	\$ 305,045	\$ 251,586
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 4,480	\$ -
Deferred revenue (Note 5)	17,272	81,263
	21,752	81,263
LONG TERM DEBT (Note 6)	40,000	40,000
	61,752	121,263
NET ASSETS	243,293	130,323
	\$ 305,045	\$ 251,586

ON BEHALF OF THE BOARD



Director



Director

Big Brothers Big Sisters Of North Durham
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	2021	2020
REVENUES		
Grants	\$ 255,382	\$ 128,350
Fundraising events	91,107	79,011
Canadian emergency wage subsidies	40,058	56,131
Donations	31,318	30,045
CEBA Grant (Note 6)	20,000	-
GST/HST rebate	5,869	4,986
Scout hall rental	4,935	4,748
	448,669	303,271
EXPENSES		
Wages and benefits	229,566	190,206
Fundraising expenses	42,049	30,229
Consulting fees	20,875	-
Office and general	11,734	8,991
HST paid	8,422	7,155
Insurance	5,235	5,365
Dues and fees	4,808	5,988
Utilities and maintenance	4,607	3,637
Amortization	3,136	1,176
Telephone and internet	3,112	3,418
Little Brothers/Sisters expense	898	1,227
Advertising and promotion	888	402
Interest and bank charges	477	682
Conventions and workshops	352	-
Mileage	-	1,134
	336,159	259,610
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	112,510	43,661
OTHER INCOME		
Interest	460	7
EXCESS OF REVENUES OVER EXPENSES	\$ 112,970	\$ 43,668

Big Brothers Big Sisters Of North Durham
Statement of Changes in Net Assets
Year Ended December 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 130,323	\$ 86,655
EXCESS OF REVENUES OVER EXPENSES	112,970	43,668
NET ASSETS - END OF YEAR	\$ 243,293	\$ 130,323

Big Brothers Big Sisters Of North Durham
Statement of Cash Flows
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 112,970	\$ 43,668
Item not affecting cash:		
Amortization of property, plant and equipment	3,136	1,176
	116,106	44,844
Changes in non-cash working capital:		
Accounts receivable	8,752	272
Interest receivable	(383)	-
Inventory	89	(3,593)
Accounts payable	4,479	(2,492)
Deferred revenue	(63,991)	78,460
Harmonized sales tax payable	(418)	(3,439)
Prepaid	(262)	(190)
	(51,734)	69,018
Cash flow from operating activities	64,372	113,862
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,191)	(730)
Addition to bank loan	-	40,000
Purchase of GIC's	(150,000)	-
Cash flow from (used by) investing activities	(168,191)	39,270
INCREASE (DECREASE) IN CASH FLOW	(103,819)	153,132
Cash - beginning of year	233,906	80,774
CASH - END OF YEAR	\$ 130,087	\$ 233,906

Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2021

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).

Cash and cash equivalents

The Big Brothers Big Sisters of North Durham considers deposits in banks, certificates of deposits and short-term investments with original maturities of less than one year as cash and cash equivalents.

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.

(continues)

Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2021

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

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
- 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. The funds are similar to the retained earnings account in a for profit entity.

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.

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Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2021

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.

	2021	2020
1-year GIC maturing on 02/19/2022 yielding 0.4% interest	\$ 50,000	\$ -
1-year GIC maturing on 02/19/2022 yielding 0.25% interest	50,000	-
1-year GIC maturing on 09/24/2022 yielding 0.76% interest	50,000	-
Total	\$ 150,000	\$ -

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 12,237	\$ 9,315	\$ 2,922	\$ 1,233
Furniture	12,177	1,849	10,328	181
Software	1,708	1,682	26	57
Leasehold Improvements	3,611	361	3,250	-
	\$ 29,733	\$ 13,207	\$ 16,526	\$ 1,471

Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2021

5. DEFERRED REVENUE

	2021	2020
Opening balance	\$ 81,263	\$ 2,803
Grants received from United Way	24,583	12,634
Amounts received for Durham Community Foundation	-	5,625
Grants received from Ontario Trillium Foundation	59,300	54,358
Amounts received for Ministry of Education	15,060	3,040
Change in balance from revenue brought into income	(162,934)	2,803
Ending balance	\$ 17,272	\$ 81,263

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 has been recorded as grant revenue.

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, 2021 the unrestricted net assets are \$243,293 (2020 - \$130,323)

Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2021

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, 2021 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.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
