

Big Brothers Big Sisters Of North Durham
Financial Statements
Year Ended December 31, 2023

Big Brothers Big Sisters Of North Durham
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Year Ended December 31, 2023

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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, 2023, 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, 2023, 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, 2023, current assets and net assets as at December 31, 2023. My audit opinion on the financial statements for the year ended December 31, 2022 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.

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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 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.

Elevation CPA Professional Corporation

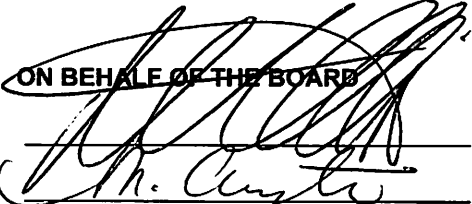
Port Perry, Ontario
June 13, 2024

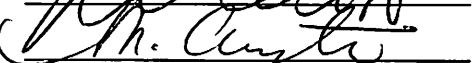
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The Institute of Chartered Accountants of Ontario

Big Brothers Big Sisters Of North Durham
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 57,934	\$ 130,737
Term deposits (Note 3)	305,000	250,000
Accounts receivable	2,095	233
Interest receivable	4,010	1,625
Harmonized sales tax recoverable	7,631	7,648
Prepaid	434	567
	377,104	390,810
PROPERTY, PLANT AND EQUIPMENT (Note 4)	12,021	12,683
TERM DEPOSITS - LONG TERM (Note 3)	80,000	-
	\$ 469,125	\$ 403,493
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 3,303	\$ 3,024
Deferred revenue (Note 5)	33,467	57,844
Current portion of long term liabilities (Note 6)	-	40,000
	36,770	100,868
NET ASSETS	432,355	302,625
	\$ 469,125	\$ 403,493

ON BEHALF OF THE BOARD

 Director

 Director

Big Brothers Big Sisters Of North Durham
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
REVENUES		
Grants	\$ 293,928	\$ 234,634
Fundraising events	225,217	164,320
Donations	29,606	46,293
Scout hall rental	20,275	13,918
GST/HST rebate	9,619	9,913
	578,645	469,078
EXPENSES		
Wages and benefits	246,978	216,228
Fundraising expenses	100,642	99,662
Little Brothers/Sisters expense	25,784	22,445
Office and general	16,185	13,460
Conventions and workshops	15,870	4,660
HST paid	13,817	14,224
Insurance	8,226	6,600
Utilities and maintenance	8,077	5,974
Dues and fees	8,028	9,423
Mileage	5,347	1,547
Advertising and promotion	4,270	1,603
Amortization	3,721	4,624
Telephone and internet	2,959	2,762
Interest and bank charges	1,078	1,629
Consulting fees	-	7,125
	460,982	411,966
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	117,663	57,112
OTHER INCOME		
Interest	12,067	2,220
EXCESS OF REVENUES OVER EXPENSES	\$ 129,730	\$ 59,332

Big Brothers Big Sisters Of North Durham
Statement of Changes in Net Assets
Year Ended December 31, 2023

	2023		2022
NET ASSETS - BEGINNING OF YEAR	\$ 302,625	\$	243,293
EXCESS OF REVENUES OVER EXPENSES	129,730		59,332
NET ASSETS - END OF YEAR	\$ 432,355	\$	302,625

Big Brothers Big Sisters Of North Durham
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 129,730	\$ 59,332
Item not affecting cash:		
Amortization of property, plant and equipment	3,721	4,624
	133,451	63,956
Changes in non-cash working capital:		
Accounts receivable	(1,862)	(233)
Interest receivable	(2,385)	(1,242)
Inventory	-	3,504
Accounts payable	280	(1,457)
Deferred revenue	(24,377)	40,572
Harmonized sales tax payable	17	(3,913)
Prepaid	133	243
	(28,194)	37,474
Cash flow from operating activities	105,257	101,430
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,060)	(780)
Purchase of term deposits	(385,000)	(250,000)
Proceeds from matured term deposits	210,000	150,000
	(178,060)	(100,780)
Cash flow used by investing activities	(178,060)	(100,780)
INCREASE (DECREASE) IN CASH FLOW	(72,803)	650
Cash - beginning of year	130,737	130,087
CASH - END OF YEAR	\$ 57,934	\$ 130,737

Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2023

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 short term investments

Short-term term deposits purchased with maturity of one year or less to are classified as short term investments. Those with maturities greater than one year are classified as long term..

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 over its estimated useful life on a declining balance and straight-line basis at the following rates and methods:

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

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.

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Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2023

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.

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

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2023

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.

	2023	2022
1-year GIC maturing on 11/23/2024 yielding 4.00% interest	\$ 100,000	\$ -
1-year GIC maturing on 11/23/2024 yielding 5.45% interest	100,000	-
6-month GIC maturing on 05/21/2024 yielding 5.00% interest	50,000	-
1-year GIC maturing on 11/24/2024 yielding 4.00% interest	50,000	-
2-year GIC maturing on 04/21/2025 yielding 4.20% interest	40,000	-
2-year GIC maturing on 04/21/2025 yielding 4.20% interest	40,000	-
1-year GIC maturing on 03/24/2024 yielding 4.55% interest	5,000	-
1-year GIC matured on 10/30/2023	-	100,000
1-year GIC matured on 09/26/2023	-	50,000
3-month GIC matured on 01/26/2023	-	50,000
6-month GIC matured on 04/26/2023	-	50,000
Subtotal	385,000	250,000
Long term portion of GIC's (with 2 year maturity)	(80,000)	-
Total current term deposits	\$ 305,000	\$ 250,000

Big Brothers Big Sisters Of North Durham
Notes to Financial Statements
Year Ended December 31, 2023

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and fixtures	\$ 15,237	\$ 5,873	\$ 9,364	\$ 8,263
Computer equipment	13,017	12,171	846	1,880
Leasehold improvements	3,611	1,806	1,805	2,528
Computer software	1,708	1,702	6	12
	\$ 33,573	\$ 21,552	\$ 12,021	\$ 12,683

5. DEFERRED REVENUE

	2023	2022
Grants received from Ontario Trillium Foundation	\$ 138,588	\$ 82,800
Amounts received from the Canadian Red Cross	68,851	-
Opening balance	57,844	17,272
Grants received from United Way	25,000	24,583
Other grants received	37,112	87,956
Amounts received from Ministry of Education	-	19,500
Amounts received for Winding Roads	-	59,367
	-	-
Subtotal	327,395	291,478
Less: grants recognized in the period	(293,928)	(234,634)
Other deferred revenue	-	1,000
Ending balance	\$ 33,467	\$ 57,844

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 was paid back prior December 31, 2023, therefore, \$20,000 of the loan was forgiven and the forgivable portion of \$20,000 was recorded as grant revenue in 2021.

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, 2023 the unrestricted net assets are \$432,355 (2022 - \$302,624)

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, 2023.

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, and accounts payable.

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.
