

Financial Statements of

**BIG BROTHERS BIG SISTERS OF  
LEEDS AND GRENVILLE**

Year ended December 31, 2019

 **Skinner & Van Mierlo**  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Big Brothers Big Sisters of Leeds and Grenville

### Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Leeds and Grenville, which comprise the statement of financial position as at December 31, 2019 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and the related 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 Big Brothers Big Sisters of Leeds and Grenville as at December 31, 2019, 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 charitable organizations, Big Brothers Big Sisters of Leeds and Grenville derives revenue from donations and fundraising 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 Big Brothers Big Sisters of Leeds and Grenville. Therefore, we were not able to determine whether any adjustments might be necessary to recorded donations, excess of revenue over expenses, cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Big Brothers Big Sisters of Leeds and Grenville 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 audit 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.

In preparing the financial statements, management is responsible for assessing Big Brothers Big Sisters of Leeds and Grenville'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 Big Brothers Big Sisters of Leeds and Grenville or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Big Brothers Big Sisters of Leeds and Grenville's financial reporting process.

## **Auditors' 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 auditors' 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 Big Brothers Big Sisters of Leeds and Grenville'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 Big Brothers Big Sisters of Leeds and Grenville's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Big Brothers Big Sisters of Leeds and Grenville 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.

*Shiner and Nan Murke*

**Chartered Professional Accountants**  
Licensed Public Accountants

September 16, 2020  
Brockville, Canada

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Financial Position

December 31, 2019, with comparative figures for 2018

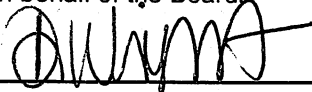
	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 18,125	\$ 33,367
Guaranteed investment certificates (note 2)	185,000	96,353
Accounts receivable (note 3)	31,639	59,955
Prepaid expenses	70,380	64,661
	<u>305,144</u>	<u>254,336</u>
Capital assets (note 4)	191,090	211,855
	<u>\$ 496,234</u>	<u>\$ 466,191</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 22,768	\$ 42,302
Deferred revenue (note 5)	79,150	61,985
	<u>101,918</u>	<u>104,287</u>
Deferred capital contributions (note 6)	46,795	54,451
Net assets:		
Investment in capital asset (note 7)	151,433	162,217
Unrestricted (note 8)	196,088	145,236
	<u>347,521</u>	<u>307,453</u>
Lease commitment (note 9)		
	<u>\$ 496,234</u>	<u>\$ 466,191</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_ Director

  
\_\_\_\_\_ Director

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Operations

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Revenue:		
Fundraising:		
Ribfest	\$ 215,582	\$ 209,744
Play / Bowl for Kids Sake	23,517	33,223
Golf tournament	22,307	24,340
Other fundraising events and activities	42,214	42,059
Grants and wage subsidies	84,131	81,184
United Way of Leeds and Grenville funding	42,750	61,250
Ontario Ministry of Education funding	62,793	50,910
Donations	71,318	97,575
Interest	2,011	2,169
Amortization of deferred capital contributions	10,324	9,776
Other	1,218	3,333
	<u>578,165</u>	<u>615,563</u>
Expenses:		
Fundraising:		
Ribfest	122,552	116,490
Play / Bowl for Kids Sake	4,708	5,019
Golf tournament	7,464	9,706
Other fundraising events and activities	17,494	28,250
Salaries, wages and employee benefits	244,734	264,884
Conferences and continuing education	414	370
Programs and recreation	34,437	33,683
Hot lunch program	24,687	25,680
Rent	9,014	14,837
Insurance	13,488	12,646
Membership dues	8,212	8,227
Office and general	12,042	13,299
Telephone and internet	2,926	3,917
Donations	1,500	-
Professional fees	4,938	4,011
Bank and credit card charges	3,320	3,355
Amortization of capital assets	25,915	22,852
Loss on disposal of capital assets	252	2,810
	<u>538,097</u>	<u>570,036</u>
Excess of revenue over expenses	<u>\$ 40,068</u>	<u>\$ 45,527</u>

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative figures for 2018

2019	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 162,217	\$ -	\$ 145,236	\$ 307,453
Excess of revenue over expenses (note 7)	(15,843)	-	55,911	40,068
Net change in investment in capital assets (note 7)	5,059	-	(5,059)	-
Balance, end of year	\$ 151,433	\$ -	\$ 196,088	\$ 347,521

2018	Investment in capital assets	Internally restricted	Unrestricted	Total
Balance, beginning of year	\$ 108,069	\$ 50,540	\$ 103,317	\$ 261,926
Excess of revenue over expenses (note 7)	(15,886)	-	61,413	45,527
Net change in investment in capital assets (note 7)	70,034	-	(70,034)	-
Board of Directors removal of internal restriction on net assets (note 8)	-	(50,540)	50,540	-
Balance, end of year	\$ 162,217	\$ -	\$ 145,236	\$ 307,453

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

## Statement of Cash Flows

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 40,068	\$ 45,527
Items not involving cash:		
Amortization of deferred capital contributions	(10,324)	(9,776)
Amortization of capital assets	25,915	22,852
Loss on disposal of capital assets	252	2,810
	55,911	61,413
Change in non-cash operating working capital:		
Accounts receivable	28,316	(41,382)
Prepaid expenses	(5,719)	(34,284)
Accounts payable and accrued liabilities	(19,534)	21,465
Deferred revenue	17,165	12,195
Cash provided by operating activities	76,139	19,407
Financing and investing:		
Decrease (increase) in non-cashable guaranteed investment certificates	51,353	(813)
Additions to capital assets	(5,402)	(87,686)
Contributions received for capital assets	2,668	19,190
Cash provided by (used in) financing and investing activities	48,619	(69,309)
Increase (decrease) in cash and cash equivalents	124,758	(49,902)
Cash and cash equivalents, beginning of year	78,367	128,269
Cash and cash equivalents, end of year	\$ 203,125	\$ 78,367
Represented by:		
Cash	\$ 18,125	\$ 33,367
Cashable guaranteed investment certificates	185,000	45,000
	\$ 203,125	\$ 78,367

Cash and cash equivalents include cash on hand, balances with banks, demand deposits, and investments with maturities of three months or less at the time of investment. The fair value of cash and cash equivalents approximates the amounts shown in the financial statements.

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Notes to Financial Statements

Year ended December 31, 2019

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Big Brothers Big Sisters of Leeds and Grenville (the "Organization") provides a service of friendship and guidance to children in need throughout Leeds and Grenville by caring, responsible adult volunteers with the support of trained professional staff under the guidance of a volunteer Board of Directors.

The Organization is incorporated without share capital under the Ontario Corporations Act and is registered as a charitable organization under the Income Tax Act (Canada).

## 1. Summary of significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### (a) Capital assets:

Capital assets are recorded at cost and are amortized on a straight-line basis over their estimated useful lives:

Concession and utility trailers	20 years
Tents	15 years
Bounce houses	10 years
Ribfest equipment	5 to 15 years
Office and program equipment	5 to 10 years

### (b) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. 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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on a straight-line basis consistent with the amortization rate for the related capital assets.

### (c) Volunteer Services:

Volunteers contribute a substantial amount of time each year to assist the Organization in carrying out its activities. Volunteer services are not recorded in the financial statements since the fair value of these services cannot be readily determined.



# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2019

## 1. Summary of significant accounting policies (continued):

### (d) Financial instruments:

The Organization initially measures its financial assets and financial liabilities at fair value and subsequently at amortized cost.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and account receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### (e) Management estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the reporting period. Estimates are used in determining the appropriate amortization period for capital assets and the amortization of deferred capital contributions. Actual results may differ from these estimates, the impact of which will be recorded in future years.

## 2. Guaranteed investment certificates:

	2019	2018
Cashable guaranteed investment certificate, bearing interest at 1.50% and maturing on May 29, 2020	\$ 60,000	\$ -
Cashable guaranteed investment certificate, bearing interest at 1.50% and maturing on August 19, 2020	80,000	-
Cashable guaranteed investment certificate, bearing interest at 1.5% and maturing on September 16, 2020	25,000	-
Cashable guaranteed investment certificate, bearing interest at 1.50% and maturing on November 15, 2020	20,000	-
Cashable guaranteed investment certificate, bearing interest at 1.50% and maturing on August 31, 2019	-	45,000
Non-cashable guaranteed investment certificate, bearing interest at 2.10% and maturing on May 28, 2019	-	51,353
	<u>\$ 185,000</u>	<u>\$ 96,353</u>

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2019

## 3. Accounts receivable:

	2019	2018
Harmonized sales tax recoverable	\$ 8,577	\$ 15,868
Home Depot Orange Door Campaign grant receivable	6,966	-
Ontario Ministry of Education funding receivable	-	20,363
United Way of Leeds and Grenville funding receivable	3,333	8,417
Fundraising events sponsorships receivable	11,331	14,143
Accrued interest revenue	1,127	591
Other	305	573
	<b>\$ 31,639</b>	<b>\$ 59,955</b>

## 4. Capital assets:

2019	Cost	Accumulated amortization	Net book value
Concession and utility trailers	\$ 144,032	\$ 27,286	\$ 116,746
Tents	31,921	12,724	19,197
Ribfest equipment	37,303	22,279	15,024
Bounce houses	24,617	9,234	15,383
Office and program equipment	53,588	28,848	24,740
	<b>\$ 291,461</b>	<b>\$ 100,371</b>	<b>\$ 191,090</b>

2018	Cost	Accumulated amortization	Net book value
Concession and utility trailers	\$ 143,741	\$ 20,092	\$ 123,649
Tents	32,021	10,643	21,378
Ribfest equipment	37,184	18,269	18,915
Bounce houses	23,510	6,827	16,683
Office and program equipment	52,558	21,328	31,230
	<b>\$ 289,014</b>	<b>\$ 77,159</b>	<b>\$ 211,855</b>

Capital assets are tested for impairment when an event or circumstance occurs that indicates the carrying amount may not be recoverable. When the carrying amount exceeds the fair value, an impairment loss equal to the excess is charged to operations.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2019

## 5. Deferred revenue:

Deferred revenue represents the portion of grants, contributions and donations that are externally restricted for various programs and expenses and which remain unspent as at the year end date.

	2019	2018
Ontario Trillium Foundation grant for expansion of mentoring program	\$ 23,947	\$ 24,773
Ontario Ministry of Education grant for school-based mentoring	16,124	-
Carolyn Sifton Foundation grant for school-based hot lunch program	19,963	19,650
Grants for purchase of children's shoes	2,690	2,500
Sponsorship received for the 2020 Ribfest event	5,000	-
Otters' Den fundraising event	-	800
New Horizons for Seniors grant for skills mentoring program	2,064	11,866
Home Depot Orange Door Campaign grant for life skills development program	9,362	2,396
	\$ 79,150	\$ 61,985

## 6. Deferred capital contributions:

Deferred capital contributions represent externally restricted capital contributions received for the purchase of specific capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2019	2018
Balance, beginning of year	\$ 54,451	\$ 45,037
Contributions applied to the purchase of capital assets	343	17,652
Contributions received which remain unspent as at the year end date	2,325	1,538
Amount amortized to revenue	(10,324)	(9,776)
Balance, end of year	\$ 46,795	\$ 54,451

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2019

## 7. Investment in capital assets:

	2019	2018
(a) Investment in capital assets is calculated as follows:		
Capital assets	\$ 191,090	\$ 211,855
Deferred capital contributions as at the year end date	(46,795)	(54,451)
Add back portion of capital contributions received which have not as yet been expended on the purchase of capital assets	7,138	4,813
	<u>\$ 151,433</u>	<u>\$ 162,217</u>
(b) Change in the investment in capital assets is calculated as follows:		
Excess of revenue over expenses:		
Amortization of deferred capital contributions	\$ 10,324	\$ 9,776
Amortization of capital assets	(25,915)	(22,852)
Loss on disposal of capital assets	(252)	(2,810)
	<u>\$ (15,843)</u>	<u>\$ (15,886)</u>
Net change in investment in capital assets:		
Capital assets acquired	\$ 5,402	\$ 87,686
Contributions received during the year and applied to the purchase of capital assets	(343)	(17,652)
	<u>\$ 5,059</u>	<u>\$ 70,034</u>

## 8. Internally restricted net assets:

In prior years the Board of Directors internally restricted net assets totaling \$50,540 to finance future expenditures as approved by the Board. In November 2018, the Board removed this internal restriction and approved the expenditure of the underlying funds to pay for a portion of the cost of a food concession trailer and related inventory purchased on October 29, 2018.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2019

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## 9. Lease commitment:

The Organization rents office space in Brockville, Ontario under a long-term operating lease which expired on December 31, 2019. The lease has been renewed for January 1, 2020 through December 31, 2024.

Future minimum lease payments, by fiscal year and in aggregate, are as follows:

2020	\$ 7,088
2021	7,229
2022	7,374
2023	7,521
2024	<u>7,672</u>
Total	<u>\$ 36,884</u>

## 10. Financial instruments:

The significant financial risks to which the Organization is exposed relating to its financial instruments are credit, interest rate and liquidity risks.

### (a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

Credit risk associated with cash and guaranteed investment certificates is minimized substantially by ensuring that these assets are invested with a major financial institution that has been accorded an investment grade rating by a primary rating agency.

The Organization is also exposed to credit risk in the event of non-collection of its accounts receivable. This credit risk is managed by the on-going monitoring of receivables.

### (b) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of the Organization to interest rate risk arises from its interest bearing assets, being the guaranteed investment certificates.

The primary objective of the Organization with respect to its guaranteed investment certificates is to ensure the security of principal amounts invested, provide for a high degree of liquidity and achieve a satisfactory investment return.

# BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

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Year ended December 31, 2019

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## 10. Financial instruments (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due.

The Organization meets its liquidity requirements by monitoring its cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

### (d) Changes in risk:

There have been no significant changes in the Organization's risk exposures from the prior year.