Financial Statements of

BIG BROTHERS BIG SISTERS OF LEEDS AND GRENVILLE

Year ended December 31, 2020

Shane Skinner, CPA
Professional Corporation

INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Leeds and Grenville (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 our opinion, except for the possible 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 Organization as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with 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 donations and 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, we were not able to determine whether any adjustments might be necessary to recorded donations and fundraising revenue, excess of revenues over expenses, cash flows from operations for the years ended December 31, 2020 and December 31, 2019, current assets as at December 31, 2020 and December 31, 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 Organization 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 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

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 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 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 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.

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.

Shane Skinner

Shane Skinner, CPA
Professional Corporation

September 16, 2021
Brockville, Ontario

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Big Brothers Big Sisters of Leeds and Grenville
Balance Sheet
December 31, 2020, with comparative figures for 2019

	Notes		2020		2019
Assets					
Current assets:					
Cash		$	43,504	$	18,125
Guaranteed investment certificates	2		340,083		185,000
Accounts receivable	3		25,472		31,639
Prepaid expenses			62,980		70,380
			472,039		305,144
Capital assets	4		172,466		191,090
		$	644,505	$	496,234

	Notes		2020		2019
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued liabilities		$	22,518	$	22,768
Deferred revenue	5		82,635		79,150
			105,153		101,918
Deferred capital contributions	6		35,299		46,795
Net Assets:					
Investment in capital assets	7		137,167		151,433
Unrestricted			366,886		196,088
			504,053		347,521
Lease Commitment	8				
		$	644,505	$	496,234

See accompanying notes to financial statements.

On behalf of the Board:

Lisa Reed Director

[signature] Director

Big Brothers Big Sisters of Leeds and Grenville
Statement of Operations
Year ended December 31, 2020, with comparative figures for 2019

		2020		2019
Revenue				
Fundraising:				
Ribfest	$	0	$	215,582
Bowl for Kids Sake		0		23,517
Golf tournament		0		22,307
Other fundraising events		0		42,214
Grants and wage subsidies		122,102		84,131
United Way of Leeds and Grenville funding		32,713		42,750
Ontario Ministry of Education funding		65,739		62,793
Donations		234,798		71,318
Interest		1,207		2,011
Amortization of deferred capital contributions		11,496		10,324
Other		2,200		1,218
		470,255		578,165
Expenses				
Fundraising:				
Ribfest		3,321		122,552
Bowl for Kids Sake		54		4,708
Golf tournament		127		7,464
Other fundraising events		732		17,494
Salaries, wages and employee benefits		190,920		244,734
Conferences and continuing education		0		414
Programs and recreation		40,559		34,437
Hot lunch program		5,074		24,687
Rent		7,088		9,014
Insurance		14,390		13,488
Membership dues		5,763		8,212
Office and general		8,240		12,042
Donations		1,441		1,500
Telephone and internet		2,207		2,926
Professional fees		4,885		4,938
Bank and credit card charges		1,704		3,320
Amortization of capital assets		25,448		25,915
Loss on disposal of capital assets		1,770		252
		313,723		538,097
Excess of revenue over expenses	$	156,532	$	40,068

See accompanying notes to financial statements.

Big Brothers Big Sisters of Leeds and Grenville
Statement of Changes in Net Assets
December 31, 2020, with comparative figures for 2019

2020			Investment in capital assets		Unrestricted		Total
Balance, beginning of year		$	151,433	$	196,088	$	347,521
Excess of revenue over expenses (expenses over revenue)	7		(15,722)		172,254		156,532
Net change in investment in capital assets	7		1,456		(1,456)		0
Balance, end of year		$	137,167	$	366,886	$	504,053

2019			Investment in capital assets		Unrestricted		Total
Balance, beginning of year		$	162,217	$	145,236	$	307,453
Excess of revenue over expenses (expenses over revenue)	7		(15,843)		55,911		40,068
Net change in investment in capital assets	7		5,059		(5,059)		0
Balance, end of year		$	151,433	$	196,088	$	347,521

See accompanying notes to financial statements.

Big Brothers Big Sisters of Leeds and Grenville
Statement of Cash Flows
Year ended December 31, 2020, with comparative figures for 2019

		2020		2019
Cash provided by (used in):				
Operations:				
Excess of revenue over expenses	$	156,532	$	40,068
Items not involving cash:				
Amortization of deferred capital contributions		(11,496)		(10,324)
Amortization of capital assets		25,448		25,915
Loss on disposal of capital assets		1,770		252
		172,254		55,911
Changes in non-cash operating working capital:				
Accounts receivable		6,167		28,316
Prepaid expenses		7,400		(5,719)
Accounts payable and accrued liabilities		(250)		(19,534)
Deferred revenue		3,485		17,165
Cash provided by operating activities		189,056		76,139
Financing and investing:				
Decrease in non-cashable guaranteed investment certificates				51,353
Additions to capital assets		(8,594)		(5,402)
Contribution received for capital assets				2,668
Cash used in financing and investing activities		(8,594)		48,619
Increase in cash and cash equivalents		180,462		124,758
Cash and cash equivalents, beginning of year		203,125		78,367
Cash and cash equivalents, end of year	$	383,587	$	203,125

		2020		2019
Represented by:				
Cash	$	43,504	$	18,125
Cashable guaranteed investment certificates		340,083		185,000
	$	383,587	$	203,125

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 (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 by management 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 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 of 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.

(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 amortization of 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:

		2020		2019
Cashable, prime-linked guaranteed investment certificate maturing on February 27, 2021	$	20,000	$	
Cashable guaranteed investment certificate, bearing interest at 1.4% and maturing on June 8, 2021		60,000		
Cashable guaranteed investment certificate, bearing interest at 0.45% and maturing on November 27, 2021		110,039		
Cashable guaranteed investment certificate, bearing interest at 0.45% and maturing on November 27, 2021		80,044		
Cashable guaranteed investment certificate, bearing interest at 0.45% and maturing on November 27, 2021		30,000		
Cashable guaranteed investment certificate, bearing interest at 0.50% and maturing on December 7, 2021		40,000		
Cashable guaranteed investment certificate, bearing interest at 1.5% and maturing on May 29, 2020				60,000
Cashable guaranteed investment certificate, bearing interest at 1.5% 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 1.5% and maturing on November 15, 2020				20,000
	$	340,083	$	185,000

3. Accounts receivable:

		2020		2019
Harmonized sales tax recoverable	$	1,553	$	8,577
United Way of Leeds and Grenville funding receivable		2,535		3,333
Home Depot Orange Door Campaign grant receivable		6,655		6,966
Canada Emergency Wage Subsidy receivable		12,910		-
Accrued interest receivable		598		1,127
Fundraising events sponsorships receivable		-		11,331
Other		1,221		305
	$	25,472	$	31,639

4. Capital assets:

2020		Cost		Accumulated amortization	Net book Value
Concession and utility trailers	$	144,032	$	34,488	109,544
Tents		31,521		14,612	16,909
Ribfest equipment		30,457		21,439	9,018
Bounce houses		24,617		11,695	12,922
Office and program equipment		61,299		37,226	24,073
	$	291,926	$	119,460	172,466

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
	$	291,461	$	100,371	191,090

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.

5. Deferred revenue:

Deferred revenue represents the unspent 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.

		2020		2019
Ontario Ministry of Education funding for school-based mentoring program	$	23,733	$	16,124
Ontario Trillium Foundation grant for expansion of mentoring program		-		23,947
Carolyn Sifton Foundation grant for school based hot lunch program		14,888		19,963
Carolyn Sifton Foundation grant for after-school drop-in program		21,603		
Grants for purchase of children's shoes		1,107		2,690
Employment and Social Development Canada Emergency Community Support Fund		4,324		-
Sponsorships received for the 2020 Ribfest event, converted to donation revenue in 2020		-		5,000
New Horizons for Seniors grant for skills mentoring program		2,023		2,064
Home Depot Orange Door Campaign grant for life skills development program		14,957		9,362
	$	82,635	$	79,150

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.

		2020		2019
Balance, beginning of year	$	46,795	$	54,451
Current year contributions applied to the purchase of capital assets		-		343
Contributions received during the year which remain unspent as at the year end date		-		2,325
Amount amortized to revenue		(11,496)		(10,324)
Balance, end of year	$	35,299	$	46,795

7. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:		2020		2019
Capital assets	$	172,466	$	191,090
Deferred capital contributions as at the year end date		(35,299)		(46,795)
Add back portion of capital contributions received which have not as yet been expended on the purchase of capital assets		-		7,138
	$	137,167	$	151,433

(b) Change in the investment in capital assets is calculated as follows:		2020		2019
Excess (deficiency) of revenue over expenses:				
Amortization of deferred capital contributions	$	11,496	$	10,324
Amortization of capital assets		(25,448)		(25,915)
Loss on disposal of capital assets		(1,770)		(252)
	$	(15,722)	$	(15,843)
Net change in investment in capital assets:				
Capital assets acquired	$	8,594	$	5,402
Deferred capital contributions applied to the purchase of capital assets		(7,138)		(343)
	$	1,456	$	5,059

8. Lease commitment:

The Organization rents office facilities in Brockville Ontario under a long-term operating lease which expires December 31, 2024.

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

2021	$	7,229
2022		7,374
2023		7,521
2024		7,672
	$	29,796

9. 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 short-term investments 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 short-term investments.

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

The Organization's short-term investments are comprised of guaranteed investment certificates with terms of one year which increases the sensitivity of this investment portfolio to the impact of interest rate fluctuations.

(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.