

Big Brothers Big Sisters of London and Area

Financial Statements
March 31, 2021



Independent auditor's report

To the Directors of Big Brothers Big Sisters of London and Area

Our qualified opinion

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 Big Brothers Big Sisters of London and Area (the Organization) as at March 31, 2021 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.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at March 31, 2021;
- the statement of changes in accumulated net assets for the year then ended;
- the statement of revenues and expenditures for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Organization derives revenues from the general public through cash 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 fundraising events, donations, grants and other revenues, excess (deficiency) of revenues over expenditures and cash flows provided by (used in) operating activities for the years ended March 31, 2021 and 2020, current assets as at March 31, 2021 and 2020 and net assets as at the beginning and the end of the years ended March 31, 2021 and 2020. Our audit opinion on the financial statements for the year ended March 31, 2020 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Ontario
September 28, 2021

Big Brothers Big Sisters of London and Area

Statement of Financial Position

As at March 31, 2021

	Capital fund \$	Operating fund \$	2021 \$	2020 \$
Assets				
Current assets				
Cash	3,066	424,787	427,853	270,785
Investments (note 3)	381,275	-	381,275	375,384
Other receivables	-	16,112	16,112	6,745
Grants receivable (note 4)	-	17,100	17,100	6,000
Prepaid expenses	-	9,263	9,263	706
	384,341	467,262	851,603	659,620
Capital assets (note 5)	75,936	-	75,936	1,886
	460,277	467,262	927,539	661,506
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	-	38,915	38,915	36,535
Deferred revenue	-	45,975	45,975	55,640
Deferred contributions (note 7)	-	63,805	63,805	113,513
Deferred capital contributions (note 7)	7,500	-	7,500	-
CEBA loan payable (note 8)	-	40,000	40,000	-
	7,500	188,695	196,195	205,688
Deferred capital contributions (note 7)	63,750	-	63,750	-
	71,250	188,695	259,945	205,688
Accumulated Net Assets	389,027	278,567	667,594	455,818
	460,277	467,262	927,539	661,506

Commitments (note 11)

Approved by the Board of Directors

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of London and Area

Statement of Changes in Accumulated Net Assets

For the year ended March 31, 2021

	Capital fund \$	Operating fund \$	2021 \$	2020 \$
Balance – Beginning of year	380,315	75,503	455,818	519,982
Excess (deficiency) of revenues over expenditures	8,712	203,064	211,776	(64,164)
Balance – End of year	<u>389,027</u>	<u>278,567</u>	<u>667,594</u>	<u>455,818</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of London and Area

Statement of Revenues and Expenditures

For the year ended March 31, 2021

	Capital fund \$	Operating fund \$	2021 \$	2020 \$
Revenues				
United Way (note 9)	-	388,650	388,650	381,600
Fundraising events (note 10)	-	174,423	174,423	47,367
Donations, grants and other	-	348,857	348,857	281,883
Amortization of deferred contributions (note 7)	-	36,781	36,781	40,888
Amortization of deferred capital contributions (note 7)	3,750	-	3,750	-
Interest and other income	11,648	125,056	136,704	20,937
	<u>15,398</u>	<u>1,073,767</u>	<u>1,089,165</u>	<u>772,675</u>
Expenditures				
General and administrative	-	302,343	302,343	299,406
Fundraising events and stewardship (note 10)	-	55,847	55,847	18,187
Children's programs and services	-	471,432	471,432	474,823
Membership fees	-	15,412	15,412	15,094
Professional services	-	24,861	24,861	18,302
Training and development	-	808	808	4,827
Amortization of capital assets	6,686	-	6,686	6,200
	<u>6,686</u>	<u>870,703</u>	<u>877,389</u>	<u>836,839</u>
Excess (deficiency) of revenues over expenditures	<u>8,712</u>	<u>203,064</u>	<u>211,776</u>	<u>(64,164)</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of London and Area

Statement of Cash Flows

For the year ended March 31, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenditures	211,776	(64,164)
Items not affecting cash		
Amortization of capital assets	6,686	6,200
Amortization of deferred contributions	(36,781)	(40,888)
Amortization of deferred capital contributions	(3,750)	-
CEBA loan forgiveness	(20,000)	-
	<hr/> 157,931	<hr/> (98,852)
Changes in non-cash working capital items		
Other receivables	(9,367)	13,842
Grants receivable	(11,100)	54,900
Prepaid expenses	(8,557)	(706)
Accounts payable and accrued liabilities	2,380	(36,109)
Deferred revenue	(9,665)	55,640
Deferred contributions received	62,073	111,781
	<hr/> 183,695	<hr/> 100,496
Investing activities		
Purchase of capital assets	(80,736)	(3,944)
Increase in investments	(5,891)	(5,358)
	<hr/> (86,627)	<hr/> (9,302)
Financing activities		
CEBA loan received	60,000	-
	<hr/> 157,068	<hr/> 91,194
Change in cash during the year		
Cash – Beginning of year	<hr/> 270,785	<hr/> 179,591
Cash – End of year	<hr/> 427,853	<hr/> 270,785

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2021

1 Nature of organization

Big Brothers Big Sisters of London and Area (the Organization) is a non-profit organization whose mission is to provide positive mentoring experiences to boys and girls in order to foster the development of their self-esteem and potential for a brighter future. The Organization is a registered charity and its charitable donation registration number is 12982-0874-RR0001.

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) within the framework of the accounting policies summarized below.

Fund accounting

In order to ensure observance of the limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by donors or in accordance with directives issued by the Board of Directors. Transfers between the funds are made when it is considered appropriate and authorized by the Board of Directors.

For financial reporting purposes, the accounts have been classified into the following funds:

- **Capital fund**

The capital fund reports the assets, liabilities, revenues and expenses related to the Organization's capital assets. Proceeds from disposal of capital assets are retained in the capital fund until such time that they are utilized to replace capital assets or transferred to another fund as approved by the Board of Directors.

- **Operating fund**

The operating fund accounts for the Organization's general fundraising and administrative activities. The operating fund reports unrestricted resources available for immediate purposes.

Revenue recognition

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

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.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

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Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purpose of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Grants, donations, allotment of United Way contributions and other revenue provided to support general operations of the Organization are recorded as unrestricted revenue within the operating fund.

Bequest and endowment contributions received by the Organization are transferred to the Big Brothers Big Sisters of London and Area endowment fund, held with the London Community Foundation (note 12).

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the following estimated useful lives:

Leasehold improvements	10 years
Furniture and equipment	5 years
Computer hardware	3 years

Volunteer contributions

Volunteers contribute numerous hours per year to assist the Organization in carrying out its mission. Due to the difficulty of determining fair value, volunteer hours are not recognized in the financial statements.

Income taxes

The Organization is a public foundation incorporated under the laws of Ontario as a corporation without share capital. It is registered as a charity under the Income Tax Act (Canada), and as such, there is no provision for income taxes.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial instruments

The Organization's financial instruments include cash, investments, other receivables, grants receivable and accounts payable and accrued liabilities. Due to their nature or capacity for prompt liquidations, the fair values of these financial instruments approximate their carrying value.

The Organization is not exposed to significant interest rate, currency or credit risk arising from these financial instruments. Risk management measures to mitigate these risks are outlined in note 14.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2021

3 Investments

Investments are comprised of guaranteed investment certificates that are recorded at market value with interest rates ranging from 0.15% to 1.40% and maturing in less than one year.

4 Grants receivable

The Organization has been approved for the following grants of which the corresponding amounts have been recorded within deferred contributions, and are restricted in use (note 7):

	2021 \$	2020 \$
London Community Foundation	11,100	-
Other grants	6,000	6,000
	<hr/> 17,100	<hr/> 6,000

5 Capital assets

	2021		
	Cost \$	Accumulated amortization \$	Net \$
Leasehold improvements	75,000	3,750	71,250
Furniture and equipment	121,390	118,995	2,395
Computer hardware	101,378	99,087	2,291
	<hr/> 297,768	<hr/> 221,832	<hr/> 75,936
	2020		
	Cost \$	Accumulated amortization \$	Net \$
Furniture and equipment	117,798	117,636	162
Computer hardware	99,234	97,510	1,724
	<hr/> 217,032	<hr/> 215,146	<hr/> 1,886

6 Government remittances payable

At March 31, 2021, the Organization has outstanding government remittances payable including amounts for federal and provincial sales taxes, payroll taxes and health taxes and workers' safety insurance premiums of \$13,134 (2020 – \$10,115). None of these remittances are in arrears.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2021

7 Deferred contributions and deferred capital contributions

Deferred contributions

Deferred contributions relate to expenses of future periods and represent unspent externally restricted grants and donations.

	2021 \$	2020 \$
Balance – Beginning of year	113,513	42,620
Add (deduct):		
Amount recognized as revenue during the year	(36,781)	(40,888)
Expenditures relating to deferred capital contributions	(75,000)	-
Amount received during the year	62,073	111,781
Balance – End of year	<u>63,805</u>	<u>113,513</u>

Deferred capital contributions

Deferred capital contributions relate to capital expenditures on leasehold improvements, which were funded by contributions received.

	2021 \$	2020 \$
Balance – Beginning of year	-	-
Add (deduct):		
Capital expenditures during the year	75,000	-
Amount recognized as revenue during the year	(3,750)	-
Balance – End of year	<u>71,250</u>	<u>-</u>

8 CEBA loan payable

During the year, the Organization applied for and received \$60,000 in relation to the Canada Emergency Business Account (CEBA) loan, which was provided by the Government of Canada. The loan is interest free until December 31, 2022. If the CEBA loan is repaid by December 31, 2022, up to \$20,000 of the loan will be forgiven. If the CEBA loan is not repaid by December 31, 2022, the loan will become repayable in full by December 31, 2025, bearing interest at 5% per annum beginning January 1, 2023.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

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9 Economic dependence

Donation revenue from the United Way accounts for 36% (2020 – 49%) of all revenues of the Organization.

10 Fundraising events and stewardship

	2021			2020
	Revenues \$	Expenditures \$	Net \$	Net \$
Gala evening	110,558	34,537	76,021	-
Golf tournament	28,275	6,322	21,953	18,781
Bake for Kids' Sake	22,253	838	21,415	20,391
Volunteer recognition	-	1,472	(1,472)	(839)
Other	13,337	12,678	659	(9,153)
	<u>174,423</u>	<u>55,847</u>	<u>118,576</u>	<u>29,180</u>

11 Lease commitments

Future lease commitments relating to the Organization's building are as follows:

	\$
2022	51,260
2023	51,260
2024	51,260
2025	51,260
2026	54,677
Thereafter	<u>258,436</u>
	<u>518,153</u>

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2021

12 Big Brothers Big Sisters of London and Area endowment fund

A permanent charitable endowment fund has been created within the London Community Foundation. Interest and dividend income earned by Big Brothers Big Sisters of London and Area endowment fund (the fund) shall be paid on an annual basis no later than April 30 of each year. Net realized gains on the sale of investments will be reinvested as capital unless notice to the contrary is secured by the London Community Foundation by May 30 of each year. If in any year, there occurs a realized loss that reduces the fund balance below the total value of the capital donations, then no payout of net income or realized gains would be made from the fund until the original capital has been rebuilt. An annual administration fee, of not more than 1% of capital, is charged to the fund by the London Community Foundation. The balance of the fund and its related changes, which are not reflected in these financial statements, are as follows:

	2021 \$	2020 \$
Balance – Beginning of year	271,294	309,386
Add (deduct):		
Investment income (loss)	54,640	(15,185)
Disbursement to the Organization	-	(19,800)
Administrative fees	(3,115)	(3,107)
Balance – End of year	<u>322,819</u>	<u>271,294</u>

13 Capital management

The Organization manages its capital to ensure it will be able to continue as a going concern while maximizing its ability to achieve the Organization's mission through accumulated net assets appropriate for an entity of the Organization's size and status. The Organization is not subject to externally imposed capital requirements and the Organization's strategy with respect to capital risk management is to perform annual cash flow projections, reviewed by the Board of Directors on a quarterly basis.

The capital structure of the Organization consists of accumulated net assets comprised of those invested in capital assets and unrestricted funds.

Big Brothers Big Sisters of London and Area

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14 Risk management

Credit and market risk

The Organization has an investment policy, which restricts the types and amounts of eligible investments. The policy permits investments in fixed income investments. The Organization does not have any significant exposure to credit risk.

Currency risk

The Organization's assets, liabilities, revenues and expenses are denominated in Canadian dollars. As such, the Organization is not exposed to significant currency risk.

Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Organization's cash flows, financial position and operations. Interest rate changes directly impact the value of fixed income securities. The Organization manages the interest rate price risk exposure of its fixed income investments by holding investments with varying terms to maturity.

15 Subsequent event

In March 2020, the World Health Organization characterized the COVID-19 virus as a global pandemic. As a result of the COVID-19 outbreak, on March 23, 2020, the Government of Ontario ordered the closure of all non-essential businesses effective March 24, 2020.

As a result of the global pandemic, the Organization paused their school based programs in March 2020, while community and school based mentoring was still available virtually. For the year ended March 31, 2021, the Organization received \$116,890 (2020 – \$1,941) through government funding. The Organization has managed many adverse impacts on its operations through temporary employment leave of certain employees, reduction in office expenditures, continued efforts of obtaining donations and fundraising for future events.

As the impacts of COVID-19 continue, there could be further impacts on the Organization and its future donations, fundraising and funding sources. Management is actively monitoring the effect on the Organization's financial condition, liquidity, operations and workforce. As it is not yet known when public health restrictions will be fully removed, nor the long-term impact of COVID-19, it is not possible to estimate the financial impact of this event on the Organization's financial results subsequent to March 31, 2021.