

Big Brothers Big Sisters of London and Area

Financial Statements
March 31, 2022



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, 2022 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, 2022;
- 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 events, 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 operating activities for the years ended March 31, 2022 and 2021, current assets as at March 31, 2022 and 2021 and accumulated net assets as at the beginning and the end of the years ended March 31, 2022 and 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 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.

PricewaterhouseCoopers LLP
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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
October 12, 2022

Big Brothers Big Sisters of London and Area

Statement of Financial Position

As at March 31, 2022

	Capital fund \$	Operating fund \$	2022 \$	2021 \$
Assets				
Current assets				
Cash	192,141	332,728	524,869	427,853
Investments (note 3)	409,847	-	409,847	381,275
Other receivables	-	7,968	7,968	16,112
Grants receivable (note 4)	-	11,100	11,100	17,100
Prepaid expenses	-	8,811	8,811	9,263
	601,988	360,607	962,595	851,603
Capital assets (note 5)	90,642	-	90,642	75,936
	692,630	360,607	1,053,237	927,539
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	-	44,935	44,935	38,915
Deferred revenue	-	29,222	29,222	45,975
Deferred contributions (note 7)	-	80,474	80,474	63,805
Deferred capital contributions (note 7)	10,500	-	10,500	7,500
Scholarship fund payable (note 8)	-	38,540	38,540	-
CEBA loan payable (note 9)	-	40,000	40,000	40,000
	10,500	233,171	243,671	196,195
Deferred capital contributions (note 7)	65,250	-	65,250	63,750
	75,750	233,171	308,921	259,945
Accumulated Net Assets	616,880	127,436	744,316	667,594
	692,630	360,607	1,053,237	927,539

Commitments (note 12)

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, 2022

	Capital fund \$	Operating fund \$	2022 \$	2021 \$
Balance – Beginning of year	389,027	278,567	667,594	455,818
Excess of revenues over expenditures	(7,157)	83,879	76,722	211,776
Interfund transfers	235,010	(235,010)	-	-
Balance – End of year	<u>616,880</u>	<u>127,436</u>	<u>744,316</u>	<u>667,594</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, 2022

	Capital fund \$	Operating fund \$	2022 \$	2021 \$
Revenues				
United Way (note 10)	-	381,600	381,600	388,650
Fundraising events (note 11)	-	151,441	151,441	174,423
Donations, grants and other	-	393,730	393,730	348,857
Amortization of deferred contributions (note 7)	-	117,559	117,559	36,781
Amortization of deferred capital contributions (note 7)	10,500	-	10,500	3,750
Interest and other income (note 16)	3,447	14,718	18,165	136,704
	<u>13,947</u>	<u>1,059,048</u>	<u>1,072,995</u>	<u>1,089,165</u>
Expenditures				
General and administrative	-	306,524	306,524	302,343
Fundraising events and stewardship (note 11)	-	41,486	41,486	55,847
Children's programs and services	-	592,957	592,957	471,432
Membership fees	-	14,775	14,775	15,412
Professional services	-	14,644	14,644	24,861
Training and development	-	4,783	4,783	808
Amortization of capital assets	17,729	-	17,729	6,686
Change in unrealized gain/loss	3,375	-	3,375	-
	<u>21,104</u>	<u>975,169</u>	<u>996,273</u>	<u>877,389</u>
Excess (deficiency) of revenues over expenditures	<u>(7,157)</u>	<u>83,879</u>	<u>76,722</u>	<u>211,776</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, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenditures	76,722	211,776
Items not affecting cash		
Amortization of capital assets	17,729	6,686
Amortization of deferred contributions	(117,559)	(36,781)
Amortization of deferred capital contributions	(10,500)	(3,750)
CEBA loan forgiveness	-	(20,000)
	<u>(33,608)</u>	<u>157,931</u>
Changes in non-cash working capital items		
Other receivables	8,144	(9,367)
Grants receivable	6,000	(11,100)
Prepaid expenses	452	(8,557)
Accounts payable and accrued liabilities	6,020	2,380
Deferred revenue	(16,753)	(9,665)
Scholarship fund payable	38,540	-
Deferred contributions received	<u>149,228</u>	<u>62,073</u>
	<u>158,023</u>	<u>183,695</u>
Investing activities		
Purchase of capital assets	(32,435)	(80,736)
Increase in investments	<u>(28,572)</u>	<u>(5,891)</u>
	<u>(61,007)</u>	<u>(86,627)</u>
Financing activities		
CEBA loan received	-	<u>60,000</u>
Change in cash during the year	97,016	157,068
Cash – Beginning of year	<u>427,853</u>	<u>270,785</u>
Cash – End of year	<u>524,869</u>	<u>427,853</u>

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, 2022

1 Nature of organization

Big Brothers Big Sisters of London and Area (the Organization) is a non-profit organization whose mission is to enable life-changing mentoring relationships to ignite the power and potential of young people. 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

March 31, 2022

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 13).

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

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2022

The Organization has classified its financial instruments as follows:

- Cash and cash equivalents are held at fair value;
- Accounts receivable are held at amortized cost;
- Investments are held at fair value;
- Accounts payable and accrued liabilities are held at amortized cost; and
- Long-term debt is held at amortized cost.

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 15.

3 Investments

The Organization holds the following investments, at fair value:

	2022	2021
	\$	\$
Cash and cash equivalents	151,146	381,275
Global fixed income	103,740	-
Canadian fixed income	102,885	-
Canadian equities	12,254	-
US equities	16,596	-
Global equities	23,226	-
	<hr/>	<hr/>
	409,847	381,275
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Cash and cash equivalents comprise guaranteed investment certificates that are recorded at market value with an interest rate of 0.50% (2021- 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):

	2022	2021
	\$	\$
London Community Foundation	11,100	11,100
Other grants	-	6,000
	<hr/>	<hr/>
	11,100	17,100
	<hr/>	<hr/>

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2022

5 Capital assets

	2022		
	Cost \$	Accumulated amortization \$	Net \$
Leasehold improvements	75,000	11,250	63,750
Furniture and equipment	149,061	125,607	23,454
Computer hardware	106,142	102,704	3,438
	<u>330,203</u>	<u>239,561</u>	<u>90,642</u>
	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
	<u>297,768</u>	<u>221,832</u>	<u>75,936</u>

6 Government remittances payable

At March 31, 2022, 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 \$14,270 (2021 – \$13,134). None of these remittances are in arrears.

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.

	2022 \$	2021 \$
Balance – Beginning of year	63,805	113,513
Add (deduct):		
Amount recognized as revenue during the year	(117,559)	(36,781)
Expenditures relating to deferred capital contributions	(15,000)	(75,000)
Amount received during the year	<u>149,228</u>	<u>62,073</u>
Balance – End of year	<u>80,474</u>	<u>63,805</u>

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

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Deferred capital contributions

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

	2022 \$	2021 \$
Balance – Beginning of year	71,250	-
Add (deduct):		
Capital expenditures during the year	15,000	75,000
Amount recognized as revenue during the year	(10,500)	(3,750)
Balance – End of year	<u>75,750</u>	<u>71,250</u>

8 Scholarship fund payable

During FY2022, the Organization established a scholarship program for which the Organization is responsible for administering through identifying qualified recipients. Amounts for the program are donated from a third-party foundation.

During 2022, the Organization received \$161,000 from the third party foundation, of which \$75,000 was unrestricted donations to cover administrative costs, \$47,460 was distributed to cover costs of qualifying recipients, and \$38,540 remains deferred for distribution to future qualifying expenses.

9 CEBA loan payable

During FY2021, 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. At the time of receiving the loan, the Organization's intent was to repay the loan in full by December 31, 2022 in order to take advantage of the \$20,000 loan forgiveness.

10 Economic dependence

Donation revenue from the United Way accounts for 34% (2021 – 36%) of all revenues of the Organization.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2022

11 Fundraising events and stewardship

			2022	2021
	Revenues	Expenditures	Net	Net
	\$	\$	\$	\$
Gala evening	87,854	22,868	64,986	76,021
Golf tournament	37,070	11,855	25,215	21,953
Bake for Kids' Sake	26,517	300	26,217	21,415
Volunteer recognition	-	1,184	(1,184)	(1,472)
Other	-	5,279	(5,279)	659
	151,441	41,486	109,955	118,576

12 Lease commitments

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

	\$
2023	51,260
2024	51,260
2025	51,260
2026	54,677
2027	56,386
Thereafter	202,050
	466,893

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2022

13 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:

	2022 \$	2021 \$
Balance – Beginning of year	322,819	271,294
Add (deduct):		
Investment income	20,634	54,640
Donations	5,418	-
Disbursement to the Organization	(11,100)	-
Administrative fees	(3,342)	(3,115)
Balance – End of year	<u>334,429</u>	<u>322,819</u>

14 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 comprising those invested in capital assets and unrestricted funds.

15 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.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2022

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.

16 COVID-19

In March 2020, the World Health Organization characterized the COVID-19 novel coronavirus, as a global pandemic. 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, 2022, the Organization received \$nil (2021 – \$116,890) 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.