

Big Brothers Big Sisters of London and Area

Financial Statements
March 31, 2023



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, 2023 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, 2023;
- 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, (deficiency) excess of revenues over expenditures and cash flows provided by (used in) operating activities for the years ended March 31, 2023 and 2022, current assets as at March 31, 2023 and 2022 and accumulated net assets as at the beginning and the end of the years ended March 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 23, 2023

Big Brothers Big Sisters of London and Area

Statement of Financial Position

As at March 31, 2023

	2023		2022	
	Capital fund \$	Operating fund \$	Total \$	Total \$
Assets				
Cash	314,677	308,479	623,156	524,869
Investments (note 3)	291,705	-	291,705	409,847
Other receivables	-	10,924	10,924	7,968
Grants receivable (note 4)	-	15,715	15,715	11,100
Prepaid expenses	-	20,643	20,643	8,811
	606,382	355,761	962,143	962,595
Capital assets (note 5)	71,228	-	71,228	90,642
	677,610	355,761	1,033,371	1,053,237
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	-	60,602	60,602	44,935
Deferred revenue	-	-	-	29,222
Deferred contributions (note 7)	-	66,325	66,325	80,474
Deferred capital contributions (note 7)	10,500	-	10,500	10,500
Scholarship fund payable (note 8)	-	123,848	123,848	38,540
CEBA loan payable (note 9)	-	40,000	40,000	40,000
	10,500	290,775	301,275	243,671
Deferred capital contributions (note 7)	54,750	-	54,750	65,250
	65,250	290,775	356,025	308,921
Accumulated Net Assets	612,360	64,986	677,346	744,316
	677,610	355,761	1,033,371	1,053,237
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, 2023

	2023		2022
	Capital fund \$	Operating fund \$	Total \$
Balance – Beginning of year	616,880	127,436	744,316
(Deficiency) excess of revenues over expenditures	(4,520)	(62,450)	76,722
Balance – End of year	612,360	64,986	744,316

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, 2023

	2023		2022
	Capital fund \$	Operating fund \$	Total \$
Revenues			
United Way (note 10)	-	200,000	200,000
Fundraising events and stewardship (note 11)	-	195,426	195,426
Donations, grants and other	-	531,926	531,926
Amortization of deferred contributions (note 7)	-	80,474	80,474
Amortization of deferred capital contributions (note 7)	10,500	-	10,500
Interest and other income (note 15)	4,394	28,190	32,584
	14,894	1,036,016	1,050,910
Expenditures			
General and administrative	-	327,234	327,234
Fundraising events and stewardship (note 11)	-	63,090	63,090
Children's programs and services	-	652,088	652,088
Membership fees	-	15,791	15,791
Professional services	-	38,872	38,872
Training and development	-	1,391	1,391
Amortization of capital assets	19,414	-	19,414
Change in unrealized loss	-	-	-
	19,414	1,098,466	1,117,880
(Deficiency) excess of revenues over expenditures	(4,520)	(62,450)	(66,970)

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, 2023

	2023 \$	2022 \$
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenues over expenditures	(66,970)	76,722
Items not affecting cash		
Amortization of capital assets	19,414	17,729
Amortization of deferred contributions	(80,474)	(117,559)
Amortization of deferred capital contributions	(10,500)	(10,500)
Unrealized loss on investments	118,142	-
	(20,388)	(33,608)
Changes in non-cash working capital items		
Other receivables	(2,956)	8,144
Grants receivable	(4,615)	6,000
Prepaid expenses	(11,832)	452
Accounts payable and accrued liabilities	15,667	6,020
Deferred revenue	(29,222)	(16,753)
Scholarship fund payable	85,308	38,540
Deferred contributions received	66,325	149,228
	98,287	158,023
Investing activities		
Purchase of capital assets	-	(32,435)
Increase in investments	-	(28,572)
	-	(61,007)
Change in cash during the year	98,287	97,016
Cash – Beginning of year	524,869	427,853
Cash – End of year	623,156	524,869

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, 2023

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 includes 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, 2023

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 in 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, 2023

The Organization has classified its financial instruments as follows:

- cash and cash equivalents are held at fair value;
- other receivables 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:

	2023 \$	2022 \$
Cash and cash equivalents	23,108	151,146
Global fixed income	27,540	103,740
Canadian fixed income	171,406	102,885
Canadian equities	29,539	12,254
US equities	34,244	16,596
Global equities	5,868	23,226
	<hr/> 291,705	<hr/> 409,847

Cash and cash equivalents comprise guaranteed investment certificates that are recorded at market value with an interest rate of 4.2% (2022 – 0.50%) 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):

	2023 \$	2022 \$
Endowment gain	12,600	-
London Community Foundation	-	11,100
Other grants	3,115	-
	<hr/> 15,715	<hr/> 11,100

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2023

5 Capital assets

	2023		
	Cost \$	Accumulated amortization \$	Net \$
Leasehold improvements	75,000	18,750	56,250
Furniture and equipment	149,061	135,218	13,843
Computer hardware	106,142	105,007	1,135
	330,203	258,975	71,228
	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
	330,203	239,561	90,642

6 Government remittances payable

At March 31, 2023, the Organization had outstanding government remittances payable including amounts for federal and provincial sales taxes, payroll taxes and health taxes and workers' safety insurance premiums of \$15,772 (2022 – \$14,270). 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.

	2023 \$	2022 \$
Balance – Beginning of year	80,474	63,805
Add (deduct)		
Amount recognized as revenue during the year	(80,474)	(117,559)
Expenditures relating to deferred capital contributions	-	(15,000)
Amount received during the year	66,325	149,228
Balance – End of year	66,325	80,474

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2023

Deferred capital contributions

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

	2023 \$	2022 \$
Balance – Beginning of year	75,750	71,250
Add (deduct)		
Capital expenditures during the year	-	15,000
Amount recognized as revenue during the year	(10,500)	(10,500)
Balance – End of year	65,250	75,750

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 2023, the Organization received \$297,495 (2022 – \$161,000) from the third party foundation, of which \$85,000 (2022 – \$75,000) were unrestricted donations to cover administrative costs, \$127,188 (2022 – \$47,460) and were distributed to cover costs of qualifying recipients. \$123,848 (2022 – \$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, 2023. If the CEBA loan is repaid by January 18, 2024, up to \$20,000 of the loan will be forgiven. If the CEBA loan is not repaid by January 18, 2024, 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 January 18, 2024 in order to take advantage of the \$20,000 loan forgiveness.

10 Economic dependence

Donation revenue from the United Way accounts for 19% (2022 – 34%) of all revenues of the Organization.

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2023

11 Fundraising events and stewardship

	<u>2023</u>		<u>2022</u>
	Revenues	Expenditures	Net
	\$	\$	\$
Gala evening	124,215	43,353	80,862
Golf tournament	42,093	12,636	29,457
Bake for Kids' Sake	15,880	-	15,880
Volunteer recognition	-	2,055	(2,055)
MegaBike	13,238	3,104	10,134
Other	-	1,942	(1,942)
	<u>195,426</u>	<u>63,090</u>	<u>132,336</u>
			<u>109,955</u>

12 Lease commitments

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

	\$
2024	51,260
2025	51,260
2026	54,677
2027	56,386
2028	56,386
Thereafter	<u>145,664</u>
	<u>415,633</u>

Big Brothers Big Sisters of London and Area

Notes to Financial Statements

March 31, 2023

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:

	2023 \$	2022 \$
Balance – Beginning of year	334,429	322,819
Add (deduct)		
Investment income	2,226	20,634
Donations	-	5,418
Disbursement to the Organization	(11,100)	(11,100)
Administrative fees	(3,119)	(3,342)
	<hr/>	<hr/>
Balance – End of year	322,436	334,429

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, 2023

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.