

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
FINANCIAL STATEMENTS
YEAR ENDING MAY 31, 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS AND MEMBERS OF BIG BROTHERS BIG SISTERS OF NORTH SIMCOE

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **BIG BROTHERS BIG SISTERS OF NORTH SIMCOE** (the Entity), which comprise the balance sheet as at May 31, 2021 and the statements of revenues and expenditures 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 Entity as at May 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations (ASNFPO).

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenues from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verifications of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenditures and net assets.

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 Entity 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 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 ASNFPO, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for over-seeing the Entity'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 Entity'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 Entity'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 Entity 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.

MIDLAND, ONTARIO
November 25, 2021


BRABANT & KRETZSCHMANN
Chartered Professional Accountant
Licensed Public Accountants

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
BALANCE SHEET
MAY 31, 2021

	2021	2020
	\$	\$
ASSETS		
CURRENT		
Cash and Short-Term Deposits	194,875	124,952
Accounts Receivable	-	3,965
Government Wage and Rent Subsidies Receivable	2,535	7,940
HST Rebate Receivable	4,319	5,603
Prepaid Expenses	10,313	6,693
TOTAL ASSETS	212,042	149,153
LIABILITIES		
CURRENT		
Accounts Payable and Accrued Liabilities	11,754	9,919
Government Remittances Payable	3,713	6,435
Deferred Revenue (Note 4)	44,996	21,970
	60,463	38,324
LONG TERM		
Long Term Debt - CEBA Loan (Note 5)	40,000	40,000
TOTAL LIABILITIES	100,463	78,324
NET ASSETS (Unrestricted)		
Balance, Beginning of Year	70,829	93,253
Excess/(Deficiency) of Revenue Over Expenditures for the Year	40,750	(22,424)
Balance, End of Year	111,579	70,829
TOTAL LIABILITIES AND NET ASSETS	212,042	149,153

Approved on Behalf of the Board:

_____ Director

_____ Director

AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS
FORM AN INTEGRAL PART OF THIS REPORT

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2021

	2021	2020
	\$	\$
REVENUE		
Funding and Grants (Note 8)	171,404	67,096
Fundraising Events and Activities (Note 9)	78,017	92,304
Donations and Gifts	16,315	40,188
TOTAL REVENUE	265,736	199,588
EXPENSES		
Wages and Benefits	151,841	142,863
Dues and Fees	4,775	4,311
Training, Travel and Conferences	1,395	1,958
Program Expenses	16,986	13,069
Rent and Utilities (Note 10)	23,962	19,062
Telephone	2,080	1,801
Insurance	6,056	5,235
Professional Fees	5,561	5,489
Office and General	4,701	5,320
Gifts and Volunteer Recognition	40	278
Bingo and Nevada Supplies	6,345	11,151
Other Fundraising Event Supplies	1,244	7,647
Equipment and Furnishings (Note 6)	-	3,828
	224,986	222,012
EXCESS/(DEFICIENCY) OF REVENUE OVER EXPENDITURES	40,750	(22,424)

AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS
FORM AN INTEGRAL PART OF THIS REPORT

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2021

	2021	2020
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Excess/(Deficiency) of Revenue Over Expenditures for the Year	40,750	(22,424)
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts Receivable	10,654	(2,883)
Prepaid Expenses	(3,620)	2,169
Accounts Payable and Accrued Liabilities	(887)	2,849
Deferred Revenue	23,026	9,770
	69,923	(10,519)
CASH FLOW FROM INVESTING ACTIVITIES		
	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
CEBA Loan Proceeds	-	40,000
NET CHANGE IN CASH POSITION	69,923	29,481
CASH POSITION, Beginning of Year	124,952	95,471
CASH POSITION, End of Year	194,875	124,952

**AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS
FORM AN INTEGRAL PART OF THIS REPORT**

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2021

1 ORGANIZATION

Big Brothers Big Sisters of North Simcoe is a non-profit registered charity, exempt from tax, and a non-share corporation under the Ontario Business Corporations Act. The organization provides one-on-one and group-mentoring services to boys and girls, aged 6 to 18 and services the area of North Simcoe County, Ontario.

Big Brothers Big Sisters of North Simcoe legally formed as an amalgamated entity from its two predecessor corporations, Big Brothers of North Simcoe and Big Sisters Association of Huronia on December 12, 2008, pursuant to an amalgamation agreement dated April 16, 2008.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis for Accounting

The financial statements were prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations and are in accordance with Canadian generally accepted accounting principles.

b) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Revenue from fundraising events is recognized upon completion of the event.

c) Capital Assets

Purchased capital assets are recorded as expenditures in the year of acquisition. Donated capital assets for which a charitable receipt is issued, are recorded at their fair market value at time of donation as expenditures when received.

d) Donated Goods and Services

The organization recognizes contributions of materials and services when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the organizations operations and would otherwise have been purchased. The value of volunteer time expended on the organization's events and programs is not recorded in the financial statements. Members of the Board of Directors are not compensated for their services.

e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

3 FINANCIAL INSTRUMENTS

Cash, receivables and accounts payables and loans are classified as financial assets and financial liabilities.

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with the financial liabilities. The organization's ability to meet obligations depends on the receipt of funds generated from fundraising, donations and grants. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from its financial instruments.

4 DEFERRED REVENUE

Deferred contributions represent unspent funds restricted by the contributor for specific use.

	<u>2021</u>
	\$
Balance, Beginning of Year	21,970
Add: Restricted Contributions Received in Year	194,430
Less: Restricted Contributions Used in Year	<u>(171,404)</u>
Balance, End of Year	<u>44,996</u>

The balance in deferred contributions as at year-end, relate to the following grants:

	<u>2021</u>	<u>2020</u>
	\$	\$
Trillium Foundation - Collaborative Grant with Boys and Girls Club of North Simcoe- Program Growth	14,281	-
United Way - Emergency Community Support Fund	6,909	-
Huronian Community Foundation - Emergency Community Support Fund	3,775	-
Town of Midland - Camp Ignite/Go Girls	4,750	4,750
Weber Foundation - Marketing and Community Development	4,317	-
Midland Rotary Club - Mentor Boxes	5,236	-
Telus Friendly Future Foundation - In School Mentoring	1,298	7,500
Big Brothers Big Sisters Canada - In School Mentoring and Go Girls	830	1,140
Town of Penetanguishene - General Programming	-	2,250
Canada Post Community Foundation - Go Girls	-	3,705
Other deposits and deferred revenue	3,600	2,625
	<u>44,996</u>	<u>17,220</u>

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

5 LONG TERM DEBT - CEBA LOAN

A \$60,000 loan was taken out with the Bank of Nova Scotia under the federal government's Canada Emergency Business Account (CEBA) program for businesses and non profit organizations as economic support in response to the COVID-19 pandemic (see Note 11).

The CEBA program provides a \$60,000 loan with the following terms:

- 0% interest until December 31, 2022.
- No principal repayments required until December 31, 2022.
- Principal repayments can be voluntarily made at any time without fees or penalties.
- \$20,000 loan forgiveness is available, provided \$40,000 is paid back prior to December 31, 2022.
- If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2023.
- The full balance must be repaid by no later than December 31, 2025.

Given the organization has the ability to repay the required amount of the loan under the terms above, the forgivable portion has been recognized as revenue in the current fiscal year.

CEBA Loan Received	\$ 60,000
Forgivable portion recognized in income	<u>(20,000)</u>
Net Loan Liability	<u>\$ 40,000</u>

6 CAPITAL EXPENDITURES

During the year there was \$NIL spent on new capital expenditures. During the previous year, the organization incurred \$3,828 on new telephone equipment and window blinds

7 DONATION OF ART PRINTS

During the year, the organization received a gift of art prints, which were valued by an independent appraiser at \$95,750. A charitable donation receipt was issued for the value of the gift. Management intends to auction off the prints at future events or an art auction in order to raise funds to support its programs. Given that the art prints are not used in the normal course of operations and would not otherwise have been purchased, in accordance with the policy on donated goods and services (note 2d)), the value of the donation of prints has not been recognized in these financial statements.

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

8 FUNDING AND GRANT REVENUE

	2021	2020
	\$	\$
Direct Programming - Including In School Mentoring/ Go Girls/Big Bunches/One to One Mentoring		
Trillium Foundation (Collaboration with Boys and Girls Club North Simcoe)	25,664	-
Big Brothers Big Sisters Canada	14,916	9,356
Weber Foundation	10,000	-
Telus Friendly Future Foundation	6,202	-
United Way of Greater Simcoe	-	4,115
Canada Post Foundation	3,705	3,367
Midland Rotary Club	2,364	-
Rogers Communications	-	2,450
Boston Pizza Foundation	-	4,750
Huronia Community Foundation	-	2,000
Town of Penetanguishene	2,250	-
Town of Midland	-	2,250
Township of Tay	-	1,000
Other	550	-
COVID-19 Related Assistance and Grants		
Canada Emergency Wage Subsidy	57,782	22,140
Canada Emergency Rent Subsidy	6,948	-
Canada Emergency Business Account - Forgivable Loan (Note 5)	20,000	-
Emergency Community Support Fund - United Way - Huronia Community Foundation	9,757	-
	1,224	-
Marketing and Community Development		
Weber Foundation	684	5,000
Other Employment Grants		
Employment Canada Student Grants	3,360	7,140
Georgian Bay Native Friendship Centre	5,998	3,528
	171,404	67,096

BIG BROTHERS BIG SISTERS OF NORTH SIMCOE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

9 FUNDRAISING EVENTS AND ACTIVITIES

	<u>2021</u>	<u>2020</u>
	\$	\$
Bingo	15,171	18,943
Nevada Tickets	17,131	26,369
Bowl for Kids Sake	-	2,283
Showcase of Homes	6,900	26,978
Curling for Kids Sake	-	9,480
WestJet Raffles	-	4,160
Other Virtual Events and Fundraising	38,815	4,091
	<u>78,017</u>	<u>92,304</u>

10 CONTRACTUAL OBLIGATIONS

The organization entered into a five year lease agreement for its premises effective August 1, 2019 until July 31, 2024, with a base rent of \$1,249+HST per month plus additional rent for proportional share of common area costs, maintenance, insurance and property tax. Additional rent for the 2020/21 fiscal year is approximately \$660+HST per month. The lease can be renewed for a further five years after the initial term.

Future lease commitments are as follows:

	Base Rent	Estimated Additional	
	Rent	Rent	Total
	\$	\$	\$
2022	15,579	8,232	23,811
2023	15,579	8,770	24,349
2024	15,579	9,344	24,922
2025	2,596	1,659	4,256
	<u>49,332</u>	<u>28,005</u>	<u>77,337</u>

11 COVID-19

The novel coronavirus (COVID-19) outbreak was declared a pandemic by the World Health Organization in March 2020, and has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruption to business and non profit organization operations around the world, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

On a local level, closures and restrictions have had and continue to have a material impact on the programming, fundraising and various events of the organization. The organization has responded by moving to virtual fundraising events and programming and has taken advantage of various subsidies and other monetary programs offered by the government. The unpredictable nature of the spread of the virus and uptake of vaccinations makes it difficult to determine the severity and length of time that the organization's operations will be impacted. Consequently, it is not possible to reliably estimate the impact on the financial position and financial results of the organization in future periods.