

**BIG BROTHERS BIG SISTERS  
OF HALTON AND HAMILTON**

**FINANCIAL STATEMENTS**

**AS AT**

**MARCH 31, 2019**

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GLENN • GRAYDON • WRIGHT LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Directors  
Big Brothers Big Sisters of Halton and Hamilton

### *Qualified Opinion*

We have audited the financial statements of Big Brothers Big Sisters of Halton and Hamilton (the "Organization") which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many charitable organizations, the Organization derives revenues from contributions and fundraising activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization as we were not able to determine whether any adjustments might be necessary to contributions and fundraising revenue, net assets or cash and cash equivalents at year end.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 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.



**GLENN • GRAYDON • WRIGHT LLP**  
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## INDEPENDENT AUDITORS' REPORT, continued

### *Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

*Glenn Graydon Wright LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Oakville, Ontario  
September 30, 2019

# BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)


Statement of financial position

As at March 31, 2019

|   | General<br>Fund | Endowment<br>Fund | Investment in<br>capital assets | Total<br>2019 |
|---|-----------------|-------------------|---------------------------------|---------------|
| <b>Assets</b>   |                 |                   |                                 |               |
| <b>Current assets</b>   |                 |                   |                                 |               |
| Cash and cash equivalents   | \$ 283,814      | -                 | -                               | 283,814       |
| Short-term investments  | 43,001          | -                 | -                               | 43,001        |
| Accounts receivable   | 33,607          | -                 | -                               | 33,607        |
| Government remittances receivable   | 26,789          | -                 | -                               | 26,789        |
| Prepaid expenses  | 54,378          | -                 | -                               | 54,378        |
|   | 441,589         | -                 | -                               | 441,589       |
| <b>Investments</b>  | -               | 125,513           | -                               | 125,513       |
| <b>Capital assets (Note 5)</b>  | -               | -                 | 299,820                         | 299,820       |
|   | \$ 441,589      | 125,513           | 299,820                         | 866,922       |
| <b>Liabilities and net assets</b>   |                 |                   |                                 |               |
| <b>Current liabilities</b>  |                 |                   |                                 |               |
| Accounts payable and accrued liabilities  | \$ 44,424       | -                 | -                               | 44,424        |
| Deferred revenue (Note 6)   | 130,498         | -                 | -                               | 130,498       |
| Deferred lease inducement   | 2,450           | -                 | -                               | 2,450         |
| Advances from Big Brothers Big Sisters Foundation of<br>Hamilton and Burlington | 341             | -                 | -                               | 341           |
| Unutilized capital grants (Note 7)  | -               | -                 | 96,637                          | 96,637        |
|   | 177,713         | -                 | 96,637                          | 274,350       |
| <b>Net assets</b>   |                 |                   |                                 |               |
| Unrestricted  | 263,876         | -                 | -                               | 263,876       |
| Endowment Fund  | -               | 125,513           | -                               | 125,513       |
| Investment in capital assets  | -               | -                 | 203,183                         | 203,183       |
|   | 263,876         | 125,513           | 203,183                         | 592,572       |
|   | \$ 441,589      | 125,513           | 299,820                         | 866,922       |

Approved by the Board

  
Chairperson

  
Treasurer



GLENN • GRAYDON • WRIGHT LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

# **BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Statement of changes in net assets

For the year ended March 31, 2019

|   |    | General<br>Fund | Endowment<br>Fund | Investment in<br>capital assets | Total<br>2019 |
|---|----|-----------------|-------------------|---------------------------------|---------------|
| Net assets, beginning of year   | \$ | -               | -                 | -                               | -             |
| Transfer in on amalgamation   |    | 279,282         | 123,088           | 241,592                         | 643,962       |
| Excess of revenue over expenditure<br>(expenditure over revenue) for year |    | 40,744          | -                 | (90,464)                        | (49,720)      |
| Transfer between funds  |    | (50,591)        | 4,095             | 46,496                          | -             |
| Unrealized net loss on investments  |    | -               | (1,670)           |                                 | (1,670)       |
| Capital assets acquisitions   |    | (5,559)         | -                 | 5,559                           | -             |
| Net assets, end of year   | \$ | 263,876         | 125,513           | 203,183                         | 592,572       |



# BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of operations

For the year ended March 31, 2019

|   | General<br>Fund  | Investment in<br>capital assets | Total<br>2019    |
|---|------------------|---------------------------------|------------------|
| <b>Revenue</b>  |                  |                                 |                  |
| <b>Grants</b>   |                  |                                 |                  |
| United Way Halton and Hamilton  | \$ 491,842       | -                               | 491,842          |
| City of Hamilton  | 70,634           | -                               | 70,634           |
| Government of Ontario   | 54,507           | -                               | 54,507           |
| Ministry of Children, Community and<br>Social Services                            | 75,077           | -                               | 75,077           |
| General   | 639,730          | -                               | 639,730          |
| Donations   | 181,999          | -                               | 181,999          |
| Rental  | 27,751           | -                               | 27,751           |
| Fundraising (Note 8)  | 421,100          | -                               | 421,100          |
| Other   | 15,963           | -                               | 15,963           |
|   | <b>1,978,603</b> | <b>-</b>                        | <b>1,978,603</b> |
| <b>Expenditure</b>  |                  |                                 |                  |
| Accounting and legal  | 16,225           | -                               | 16,225           |
| Advertising   | 1,374            | -                               | 1,374            |
| Amortization  | -                | 90,464                          | 90,464           |
| Bookkeeping   | 33,479           | -                               | 33,479           |
| Equipment leases  | 11,339           | -                               | 11,339           |
| Fundraising (Note 8)  | 73,088           | -                               | 73,088           |
| Insurance   | 65,841           | -                               | 65,841           |
| Interest and bank charges   | 10,189           | -                               | 10,189           |
| IT support and maintenance  | 17,023           | -                               | 17,023           |
| Meetings  | 2,005            | -                               | 2,005            |
| Membership fees   | 29,614           | -                               | 29,614           |
| Occupancy and utilities costs   | 104,654          | -                               | 104,654          |
| Office and general  | 9,835            | -                               | 9,835            |
| Program/events/camp costs   | 78,538           | -                               | 78,538           |
| Salaries and benefits   | 1,457,969        | -                               | 1,457,969        |
| Staff training and development  | 7,258            | -                               | 7,258            |
| Travel  | 19,428           | -                               | 19,428           |
|   | <b>1,937,859</b> | <b>90,464</b>                   | <b>2,028,323</b> |
| <b>Excess of revenue over expenditure<br/>(expenditure over revenue) for year</b> | <b>\$ 40,744</b> | <b>(90,464)</b>                 | <b>(49,720)</b>  |



# **BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

## **Statement of cash flows**

For the year ended March 31, 2019

|   | 2019              |
|---|-------------------|
| <b>Cash flows from (used in) operating activities</b>                                       |                   |
| Excess of expenditure over revenue for year   | \$ (49,720)       |
| Adjustment for  |                   |
| Amortization of capital assets  | 90,464            |
|   | 40,744            |
| Changes in non-cash working capital   |                   |
| Increase in short-term investments  | (43,001)          |
| Increase in accounts receivable   | (33,607)          |
| Increase in government remittances receivable   | (26,789)          |
| Increase in prepaid expenses  | (54,378)          |
| Increase in accounts payable and accrued liabilities  | 44,424            |
| Increase in deferred revenue  | 130,498           |
| Increase in deferred lease inducement   | 2,450             |
| Increase in advances from Big Brothers Big Sisters Foundation of<br>Hamilton and Burlington | 341               |
| Increase in unutilized capital assets   | 96,637            |
| <b>Cash flows from operating activities</b>   | <b>157,319</b>    |
| <b>Cash flows from (used in) investing activities</b>                                       |                   |
| Acquisition of capital assets   | (5,559)           |
| Acquisition of investments on amalgamation  | (123,088)         |
| Acquisition of capital assets on amalgamation   | (384,725)         |
| <b>Cash flows used in investing activities</b>  | <b>(513,372)</b>  |
| <b>Cash flows from (used in) financing activities</b>                                       |                   |
| Transfer to Endowment Fund  | (4,095)           |
| Transfer of fund balances on amalgamation   | 643,962           |
| <b>Cash flows from financing activities</b>   | <b>639,867</b>    |
| <b>Net increase in cash and cash equivalents during year</b>                                | <b>283,814</b>    |
| <b>Cash and cash equivalents, beginning of year</b>   |                   |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 283,814</b> |



# **BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2019

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## **1. Purpose of the organization**

Big Brothers Big Sisters of Halton and Hamilton (the "Organization") was incorporated as a not-for-profit organization without share capital under the laws of the Province of Ontario and is a registered charitable organization under the Income Tax Act (Canada). As such, it is exempt from income taxes and is able to issue donation receipts.

Big Brothers Big Sisters of Hamilton and Burlington Incorporated and Big Brothers Big Sisters of Halton were amalgamated on April 1, 2018 to form Big Brothers Big Sisters of Halton and Hamilton.

Big Brothers Big Sisters of Halton and Hamilton is a volunteer based charitable organization that is committed to helping kids in need make healthy life choices through positive mentoring relationships.

## **2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies where alternatives are available:

### **a) Management estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

### **b) Basis of accounting**

The Organization follows the deferral method of accounting for contributions.

### **c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less.

### **d) Capital assets**

Capital assets are recorded at acquisition cost. Amortization is recorded at rates intended to write off the cost of the assets over their estimated useful life. Methods and rates used are:

|  |  |
|--|--|
| Building<br>40 years straight-line method                  | Computer equipment<br>3 years straight-line method     |
| Building improvements<br>8 – 20 years straight-line method | Furniture and fixtures<br>5 years straight-line method |



**BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**  
(Incorporated without share capital)  
Notes to financial statements  
As at March 31, 2019

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**2. Significant accounting policies – continued**

**d) Capital assets – continued**

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use. Contributed capital assets are recorded at fair value at the date of contribution, provided the fair market value is readily determinable.

**e) Fund accounting**

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

**i) General Fund**

Revenue and expenditure, other than those recorded in special purpose funds, are recorded in the General Fund.

**ii) Endowment Fund**

Amounts placed in the Endowment Fund are considered to be permanent in nature, pursuant to restrictions established at the time that donations are received, and only the investment income is recognized in the statement of changes in net assets.

**iii) Investment in capital assets**

The investment in capital assets reports the assets, liabilities, revenue and expenditure related to the capital assets owned by the Organization.

**f) Revenue recognition**

Contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues from operating grants and subsidies are deferred and recognized as revenue in the financial period to which they relate.

Revenues from fundraising and investment activities are recognized as revenue when received.

**g) Contributed materials and services**

The Organization recognizes contributed materials and services if the determination of fair value is readily available. The value of volunteer time is not reflected in these financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time to the Organization.

**h) Gifts-in-kind**

Gifts-in-kind are recorded at fair market value when received, provided the fair market value is readily determinable.



## **BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2019

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### **3. Financial instruments**

#### **a) Fair value**

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The entity subsequently measures all its financial assets and financial liabilities at cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

#### **b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in underlying market factors. The Organization is exposed to interest rate risk.

##### **i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Organization's short-term investments earn interest at fixed rates. Consequently, the cash flow risks are not significant.

#### **c) Liquidity risk**

Liquidity risk is the risk that the Organization cannot meet a demand for cash or fund its obligations as they come due. Unless otherwise noted, the Organization is not subject to significant liquidity risk. The Organization manages liquidity risk by:

- maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.

### **4. Capital management**

In managing capital, the Organization focuses on liquid resources available for operations. The Organization's objective is to have sufficient liquidity to continue operating despite adverse financial events and to provide it with flexibility to take advantage of opportunities that will advance its purpose. The need for sufficient liquidity is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to the budget. As at March 31, 2019, the Organization has met its objective of having sufficient liquidity to meet its current obligations.



**BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2019

**5. Capital assets**

|                        |                     |                             | 2019           |
|------------------------|---------------------|-----------------------------|----------------|
|                        | Cost                | Accumulated<br>amortization | Net            |
| Land                   | \$ 92,000           | -                           | 92,000         |
| Building               | 551,214             | 491,654                     | 59,560         |
| Building improvements  | 696,323             | 559,765                     | 136,558        |
| Computer equipment     | 23,288              | 15,440                      | 7,848          |
| Furniture and fixtures | 5,506               | 1,652                       | 3,854          |
|                        | <u>\$ 1,368,331</u> | <u>1,068,511</u>            | <u>299,820</u> |

Amortization recorded during the year amounted to \$90,464.

During the year, capital assets were acquired for cash at an aggregate cost of \$5,559.

The Organization has determined that there was no impairment of capital assets as at March 31, 2019.

**6. Deferred revenue**

Deferred revenue represents revenue received during the year that relate to a future period.

|                                | 2019              |
|--------------------------------|-------------------|
| Balance, beginning of year     | \$ Nil            |
| Transfer in on amalgamation    | 105,703           |
| Amount received in the year    | 375,313           |
| Revenue recognized in the year | <u>(350,518)</u>  |
| Balance, end of year           | <u>\$ 130,498</u> |

**7. Unutilized capital grants**

Unutilized capital grants represent the unamortized amount of grants received for the purchase of capital assets. The changes for the year in the unutilized capital grants balance reported are as follows:

|                                | 2019             |
|--------------------------------|------------------|
| Balance, beginning of year     | \$ Nil           |
| Transfer in on amalgamation    | 143,133          |
| Revenue recognized in the year | <u>(46,496)</u>  |
| Balance, end of year           | <u>\$ 96,637</u> |



# **BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2019

## **8. Fundraising**

Fundraising activities for the year are as follows:

|                    | 2019              |
|--------------------|-------------------|
| Revenues           |                   |
| Bowling            | \$ 103,180        |
| Curling            | 38,217            |
| Direct mail        | 2,844             |
| Golf tournament    | 100,182           |
| Nevada lotteries   | 11,941            |
| On-line auction    | 28,340            |
| Third party events | 136,396           |
|                    | <u>421,100</u>    |
| Expenses           |                   |
| Bowling            | 11,447            |
| Curling            | 2,150             |
| Golf tournament    | 37,481            |
| Nevada lotteries   | 5,125             |
| Third party events | 16,885            |
|                    | <u>73,088</u>     |
| Fundraising        | <u>\$ 348,012</u> |

## **9. Transfers between funds**

Transfers from the Endowment Fund to the General Fund represent income earned on endowed funds which is available to the Organization for granting purposes. Transfers from the General Fund to the Investment in Capital Assets represent revenues recognized on unutilized capital grants.

## **10. Related party transactions**

During the year, the Organization entered into the following transactions with Big Brothers Big Sisters of Canada (BBBSC) and Big Brothers Big Sisters of Ontario (BBBSO), related by virtue of having the ability to significantly influence the strategic and operational policies and activities of the Organization, measured at their exchange amount in the normal course of operations:

- a) Grant revenue was received from BBBSC, aggregating to \$119,486 for the year.
- b) Membership fees were paid to BBBSC, aggregating to \$26,751 for the year.
- c) Other licence fees paid to BBBSC, aggregating to \$1,724 for the year.
- d) Grant revenue was received from BBBSO, aggregating to \$Nil for the year.



**BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2019

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**11. Operating lease commitments**

Future minimum rental payments required under operating leases that had initial terms in excess of one year are:

|      |    |               |
|------|----|---------------|
| 2020 | \$ | 13,578        |
| 2021 |    | 7,353         |
| 2022 |    | <u>2,902</u>  |
|      | \$ | <u>23,833</u> |

**12. Income tax status**

The Organization is a registered charity and is therefore exempt from income taxes under Section 149(1)(f) of the Income Tax Act.

**13. Economic dependence**

The Organization is dependent primarily on the funding from the United Way Halton and Hamilton agency in order to carry out its operations.



**BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**

(Incorporated without share capital)

Schedule to statement of operations

For the year ended March 31, 2019

|   |        | 2019       |
|---|--------|------------|
| <b>Revenue</b>                                      |        |            |
| Ministry of Children, Community and Social Services | \$     | 75,077     |
| <b>Expenditure</b>                                  |        |            |
| Accounting and legal                                |        | 4,785      |
| IT support and maintenance                          |        | 18,265     |
| Meetings  |        | 960        |
| Program/events/camp costs                           |        | 34,835     |
| Salaries and benefits                               |        | 16,232     |
| <b>Excess of revenue over expenditure for year</b>  | \$     | Nil        |
| <br><b>Deferred revenue, end of year</b>            | <br>\$ | <br>26,923 |

