

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

**FINANCIAL STATEMENTS**

**AS AT**

**MARCH 31, 2021**

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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, 2021, 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, 2021, 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 for the year ended March 31, 2020 and March 31, 2021.

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

CHARTERED PROFESSIONAL ACCOUNTANTS

## 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 14, 2021

# BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of financial position

As at March 31, 2021

	General Fund	Endowment Fund	Investment in capital assets	Total 2021	Total 2020
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 576,462	-	-	576,462	200,992
Short-term investments	62,376	-	-	62,376	50,320
Accounts receivable (Note 5)	100,212	-	-	100,212	30,525
Government remittances receivable	64,114	-	-	64,114	50,161
Prepaid expenses	60,981	-	-	60,981	58,777
	864,145	-	-	864,145	390,775
<b>Investments</b>	-	140,458	-	140,458	118,389
<b>Capital assets (Note 6)</b>	-	-	155,842	155,842	221,027
	\$ 864,145	140,458	155,842	1,160,445	730,191
<b>Liabilities and net assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 60,146	-	-	60,146	30,402
Deferred revenue (Note 7)	95,649	-	-	95,649	74,414
Deferred lease inducement	2,450	-	-	2,450	2,450
Unutilized capital grants (Note 8)	-	-	22,634	22,634	51,505
	158,245	-	22,634	180,879	158,771
<b>Canada Emergency Business Account (Note 9)</b>	40,000	-	-	40,000	-
	198,245	-	22,634	220,879	158,771
<b>Net assets</b>					
Unrestricted	665,900	-	-	665,900	283,509
Endowment Fund	-	140,458	-	140,458	118,389
Investment in capital assets	-	-	133,208	133,208	169,522
	665,900	140,458	133,208	939,566	571,420
	\$ 864,145	140,458	155,842	1,160,445	730,191

Approved by the Board

Chairperson

Treasurer



## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of changes in net assets

For the year ended March 31, 2021

	General Fund	Endowment Fund	Investment in capital assets	Total 2021	Total 2020
<b>Net assets, beginning of year</b>	\$ 283,509	118,389	169,522	571,420	592,572
Excess of revenue over expenditure (expenditure over revenue) for year	404,460	-	(36,314)	368,146	(21,152)
Transfers between funds (Note 12)	(22,069)	22,069	-	-	-
<b>Net assets, end of year</b>	\$ 665,900	140,458	133,208	939,566	571,420



## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of operations

For the year ended March 31, 2021

	General Fund	Investment in capital assets	Total 2021	Total 2020
<b>Revenue</b>				
<b>Grants</b>				
United Way Halton and Hamilton	\$ 491,841	-	491,841	491,841
City of Hamilton	71,114	-	71,114	71,114
Government of Ontario	-	-	-	16,537
Ministry of Children, Community and Social Services (Note 10)	135,000	-	135,000	161,923
General	488,196	28,871	517,067	576,568
Donations	89,700	-	89,700	138,166
Rental	33,000	-	33,000	35,939
Fundraising (Note 11)	101,799	-	101,799	317,930
Investment income, net	12,088	-	12,088	(3,631)
Other	8,513	-	8,513	-
	1,431,251	28,871	1,460,122	1,806,387
<b>Expenditure</b>				
Accounting and legal	25,919	-	25,919	47,288
Advertising	3,073	-	3,073	4,332
Amortization	-	65,185	65,185	83,490
Bookkeeping	28,148	-	28,148	30,446
Equipment leases	7,934	-	7,934	12,859
Fundraising (Note 11)	4,863	-	4,863	44,356
Insurance	68,817	-	68,817	64,158
Interest and bank charges	5,019	-	5,019	8,253
IT support and maintenance	17,306	-	17,306	11,024
Meetings	653	-	653	2,348
Membership fees	23,084	-	23,084	20,783
Occupancy and utilities costs	85,763	-	85,763	110,484
Office and general	5,805	-	5,805	9,967
Program/events/camp costs	13,859	-	13,859	50,961
Salaries and benefits	1,019,702	-	1,019,702	1,300,299
Staff training and development	14,761	-	14,761	7,430
Travel	2,153	-	2,153	16,020
	1,326,859	65,185	1,392,044	1,824,498
<b>Excess of revenue over expenditure (expenditure over revenue) before other</b>	104,392	(36,314)	68,078	(18,111)
<b>Other</b>				
Government assistance (Note 18)	300,068	-	300,068	-
Loss on disposal of capital assets	-	-	-	(3,041)
<b>Excess of revenue over expenditure (expenditure over revenue) for year</b>	\$ 404,460	(36,314)	368,146	(21,152)



## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

### Statement of cash flows

For the year ended March 31, 2021

	2021	2020
<b>Cash flows from (used in) operating activities</b>		
Excess of revenue over expenditure (expenditure over revenue) for year	\$ 368,146	(21,152)
Adjustments for		
Amortization of capital assets	65,185	83,490
Amortization of unutilized capital assets	(28,871)	(45,132)
Loss on disposal of capital assets	-	3,041
	404,460	20,247
Changes in non-cash working capital		
Increase in short-term investments	(12,056)	(7,319)
(Increase) decrease in accounts receivable	(69,687)	3,082
Increase in government remittances receivable	(13,953)	(23,372)
Increase in prepaid expenses	(2,204)	(4,399)
Increase (decrease) in accounts payable and accrued liabilities	29,744	(14,022)
Increase (decrease) in deferred revenue	21,235	(56,084)
Decrease in advances from Big Brothers Big Sisters Foundation of Hamilton and Burlington	-	(341)
<b>Cash flows from (used in) operating activities</b>	<b>357,539</b>	<b>(82,208)</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of capital assets	-	(7,738)
(Increase) decrease in investments	(22,069)	7,124
<b>Cash flows used in investing activities</b>	<b>(22,069)</b>	<b>(614)</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from Canada Emergency Business Account	40,000	-
<b>Cash flows from financing activities</b>	<b>40,000</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents during year</b>	<b>375,470</b>	<b>(82,822)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>200,992</b>	<b>283,814</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 576,462</b>	<b>200,992</b>



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

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2021

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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 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) Short-term investments**

The short-term investments are recorded at fair market value.





## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2021

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### 2. Significant accounting policies – continued

#### e) 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 40 years straight-line method	Computer equipment 3 years straight-line method
Building improvements 8 – 20 years straight-line method	Furniture and fixtures 5 years straight-line method

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.

#### f) 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.

#### g) 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.



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

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2021

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### **2. Significant accounting policies – continued**

#### **h) Government assistance**

Government assistance for salaries and benefits, and rent received as a result of the Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy programs is recorded to be consistent with government guidelines when the organization has qualified. This government assistance is recorded as other income for financial statement purposes.

#### **i) 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.

#### **j) Gifts-in-kind**

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

### **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.

A portion of the Organization's short-term investments earn interest at variable rates. Consequently, the cash flow risks are not significant.



## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2021

### 3. Financial instruments – continued

#### 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, 2021, the Organization has met its objective of having sufficient liquidity to meet its current obligations.

### 5. Accounts receivable

	2021	2020
Trade receivables	\$ 49,851	30,525
Canada Emergency Wage Subsidy	50,005	-
Canada Emergency Rent Subsidy	356	-
	<u>\$ 100,212</u>	<u>30,525</u>

### 6. Capital assets

	2021		2020	
	Cost	Accumulated amortization	Net	Net
Land	\$ 92,000	-	92,000	92,000
Building	551,214	519,215	31,999	45,779
Building improvements	696,323	671,171	25,152	72,044
Computer equipment	23,287	22,361	926	3,658
Furniture and fixtures	8,899	3,134	5,765	7,546
	<u>\$ 1,371,723</u>	<u>1,215,881</u>	<u>155,842</u>	<u>221,027</u>

Amortization recorded during the year amounted to \$65,185 (2020 - \$83,490).

During the year, capital assets were acquired for cash at an aggregate cost of \$Nil (2020 - \$7,738).

The Organization has determined that there was no impairment of capital assets as at March 31, 2021.



**BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON**  
(Incorporated without share capital)  
Notes to financial statements  
As at March 31, 2021

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**7. Deferred revenue**

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

	2021	2020
Balance, beginning of year	\$ 74,414	130,498
Amount received in the year	1,338,056	1,261,899
Revenue recognized in the year	<u>(1,316,821)</u>	<u>(1,317,983)</u>
Balance, end of year	<u>\$ 95,649</u>	<u>74,414</u>
Comprised of:		
Grants	\$ 95,649	74,414
Fundraising	<u>-</u>	<u>-</u>
	<u>\$ 95,649</u>	<u>74,414</u>

**8. 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:

	2021	2020
Balance, beginning of year	\$ 51,505	96,637
Revenue recognized in the year	<u>(28,871)</u>	<u>(45,132)</u>
Balance, end of year	<u>\$ 22,634</u>	<u>51,505</u>

**9. Canada Emergency Business Account**

The Canada Emergency Business Account loan is unsecured and non-interest bearing to December 2022. If the loan is fully repaid by December 31, 2022, \$20,000 of the loan may be forgiven. If the loan is not fully repaid by December 2022, the remaining balance will be repayable and will bear interest at a rate of 5% per annum beginning on January 1, 2023. The loan is due in full December 31, 2025.

**10. Ministry of Children, Community and Social Services grant**

During the year, the Organization received \$135,000 in grant revenue from the Ministry of Children, Community and Social Services. The grant revenue received of was expensed on related program costs totaling \$135,000 during the year.



## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2021

### 11. Fundraising

Fundraising activities for the year are as follows:

	2021	2020
Revenues		
Bowling	\$ 910	72,928
Curling	-	30,444
Direct mail	4,279	4,310
Golf tournament	15,813	78,165
Nevada lotteries	2,301	3,761
On-line auction	11,847	29,155
Third party events	66,649	99,167
	<u>101,799</u>	<u>317,930</u>
Expenses		
Bowling	-	5,491
Curling	-	2,891
Golf tournament	945	28,143
Nevada lotteries	-	329
Third party events	3,918	7,502
	<u>4,863</u>	<u>44,356</u>
Fundraising	<u>\$ 96,936</u>	<u>273,574</u>

### 12. Transfers between funds

Transfers from the Endowment Fund to the General Fund represent net investment income on endowed funds which is available to the Organization for granting purposes.

### 13. 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 \$167,967 (2020 - \$230,170) for the year.
- b) Grant revenue was received from BBBSO, aggregating to \$Nil (2020 - \$16,524) for the year.
- c) Membership fees were paid to BBBSC, aggregating to \$15,209 (2020 - \$16,524) for the year.
- d) Other licence fees paid to BBBSC, aggregating to \$2,309 (2020 - \$4,029) for the year.



## BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2021

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### 14. Operating lease commitments

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

2022	\$	4,704
2023		4,704
2024		4,704
2025		4,704
2026		4,312
		<u>23,128</u>
	\$	<u>23,128</u>

### 15. 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.

### 16. 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.

### 17. Subsequent events

As of May 1, 2021, the United Way Halton and Hamilton annual funding was reduced to \$350,040, a decrease of \$141,801. The organization is currently reviewing alternative funding options in the interest of continuing to assist with the operations of the Organization. At this time, the organization does not anticipate a significant impact on operations.

### 18. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.

During the year, the organization recognized \$300,068 of government assistance from the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs.

