

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

FINANCIAL STATEMENTS

AS AT

MARCH 31, 2024

Contents	Page
Independent auditors' report	1 – 2
Statement of financial position	3
Statement of changes in net assets	4
Statement of operations	5
Statement of cash flows	6
Notes to financial statements	7 – 13
Schedule to statement of operations – Ministry of Children, Community and Social Services	14

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, 2024, 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 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 Organization as at March 31, 2024, 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, 2023 and March 31, 2024.

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.

Other matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the schedule to statement of operations is presented for the purposes of additional information and has been subjected to the auditing procedures applied only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

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.

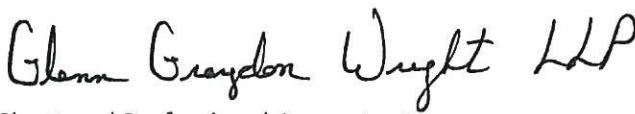
INDEPENDENT AUDITORS' REPORT, continued

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.



Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
June 25, 2024

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of financial position

As at March 31, 2024

	General Fund	Endowment Fund	Investment in capital assets	Total 2024	Total 2023
Assets					
Current assets					
Cash and cash equivalents	\$ 625,032	-	5,000	630,032	509,839
Cash and cash equivalents – restricted	-	-	-	-	17,293
Short-term investment (Note 5)	11,576	-	-	11,576	11,185
Accounts receivable	21,260	-	-	21,260	70,753
Government remittances receivable	8,028	-	-	8,028	113,937
Advances to Big Brothers Big Sisters Foundation of Hamilton and Burlington	619	-	-	619	50
Prepaid expenses	30,944	-	-	30,944	39,960
	697,459	-	5,000	702,459	763,017
Long-term investment	-	-	-	-	54,489
Oakville Community Foundation (Note 6)	-	149,295	-	149,295	152,752
Capital assets (Note 7)	-	-	113,282	113,282	124,381
	\$ 697,459	149,295	118,282	965,036	1,094,639
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued liabilities	\$ 248,609	-	-	248,609	91,977
Deferred revenue (Note 8)	320,697	-	-	320,697	140,609
Deferred revenue – restricted	-	-	-	-	17,293
Unutilized capital grants (Note 9)	-	-	18,944	18,944	20,060
	569,306	-	18,944	588,250	269,939
Long-term debt (Note 10)	150,000	-	-	150,000	-
	719,306	-	18,944	738,250	269,939
Net assets (Note 2(f))					
General Fund	(21,847)	-	-	(21,847)	567,627
Endowment Fund	-	149,295	-	149,295	152,752
Investment in capital assets	-	-	99,338	99,338	104,321
	(21,847)	149,295	99,338	226,786	824,700
	\$ 697,459	149,295	118,282	965,036	1,094,639

Contingent liability (Note 11)

Approved by the Board

Chair of the Board

Chair of the Risk and Finance Committee

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of changes in net assets

For the year ended March 31, 2024

	General Fund	Endowment Fund	Investment in capital assets	Total 2024	Total 2023
Net assets, beginning of year	\$ 567,627	152,752	104,321	824,700	1,093,711
Excess of expenditure over revenue for year	(602,252)	11,191	(6,853)	(597,914)	(269,011)
Transfer between funds	14,648	(14,648)	-	-	-
Capital asset acquisitions (Note 7)	(1,870)	-	1,870	-	-
Net assets, end of year	\$ (21,847)	149,295	99,338	226,786	824,700

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of operations

For the year ended March 31, 2024

	General Fund	Endowment Fund	Investment in capital assets	Total 2024	Total 2023
Revenue					
Grants					
United Way Halton and Hamilton	\$ 250,040	-	-	250,040	303,373
City of Hamilton	75,360	-	-	75,360	93,038
Ministry of Children, Community and Social Services (Schedule 1)	135,000	-	-	135,000	135,000
General	574,883	-	6,116	580,999	806,620
Donations	145,238	-	-	145,238	96,417
Fundraising (Note 12)	146,903	-	-	146,903	73,057
Rental	-	-	-	-	21,700
Investment income (loss), net	5,340	11,191	-	16,531	(960)
Other	33,547	-	-	33,547	70,800
	1,366,311	11,191	6,116	1,383,618	1,599,045
Expenditure					
Accounting	20,736	-	-	20,736	11,723
Advertising	8,068	-	-	8,068	37,410
Amortization	-	-	12,969	12,969	25,029
Bad debts	26,789	-	-	26,789	-
Bookkeeping	9,678	-	-	9,678	26,741
Equipment leases	5,187	-	-	5,187	5,730
Fundraising (Note 12)	40,116	-	-	40,116	37,523
Insurance	100,075	-	-	100,075	88,513
Interest and bank charges	6,612	-	-	6,612	5,810
IT support and maintenance	10,677	-	-	10,677	14,289
Membership fees	22,299	-	-	22,299	19,450
Occupancy and utilities costs	54,739	-	-	54,739	68,714
Office and general	21,096	-	-	21,096	20,205
Professional fees (Note 13)	28,309	-	-	28,309	155,718
Program/events/camp costs	115,451	-	-	115,451	122,597
Salaries and benefits	1,495,372	-	-	1,495,372	1,242,774
Staff training and development	3,359	-	-	3,359	5,830
	1,968,563	-	12,969	1,981,532	1,888,056
Excess of expenditure over revenue, before other	(602,252)	11,191	(6,853)	(597,914)	(289,011)
Other					
Government assistance	-	-	-	-	20,000
Excess of expenditure over revenue for year	\$ (602,252)	11,191	(6,853)	(597,914)	(269,011)

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Statement of cash flows

For the year ended March 31, 2024

	2024	2023
Cash flows from (used in) operating activities		
Excess of expenditure over revenue for year	\$ (597,914)	(269,011)
Adjustments for		
Amortization of capital assets	12,969	25,029
Amortization of unutilized capital grants	(6,116)	(6,116)
Forgivable portion of Canada Emergency Business Account	-	(20,000)
	(591,061)	(270,098)
Changes in non-cash working capital		
Increase in short-term investment	(391)	(185)
Decrease in accounts receivable	49,493	37,827
Decrease (increase) in government remittances receivable	105,909	(30,165)
Increase in advances to Big Brothers Big Sisters Foundation of Hamilton and Burlington	(569)	(50)
Decrease in prepaid expenses	9,016	31,145
Increase (decrease) in accounts payable and accrued liabilities	156,632	(36,883)
Increase in deferred revenue	180,088	41,011
(Decrease) increase in deferred revenue - restricted	(17,293)	17,293
Increase in unutilized capital grants	5,000	-
Decrease in deferred lease inducement	-	(2,450)
Cash flows used in operating activities	(103,176)	(212,555)
Cash flows from (used in) investing activities		
Acquisition of capital assets	(1,870)	(3,862)
Decrease in long-term investment	54,489	4,634
Decrease (increase) in Oakville Community Foundation	3,457	(3,001)
Cash flows from (used in) investing activities	56,076	(2,229)
Cash flows from (used in) financing activities		
Proceeds from long-term loan	150,000	-
Repayment of Canada Emergency Business Account	-	(10,000)
Cash flows from (used in) financing activities	150,000	(10,000)
Net increase (decrease) in cash and cash equivalents during year	102,900	(224,784)
Cash and cash equivalents, beginning of year	527,132	751,916
Cash and cash equivalents, end of year	\$ 630,032	527,132
Comprised of:		
Cash and cash equivalents	\$ 630,032	509,839
Cash and cash equivalents – restricted	-	17,293
	\$ 630,232	527,132

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2024

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 investment

The short-term investment is 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, 2024

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 operations.

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

Grant revenue is recognized in accordance with the terms of the individual grant, where funds are deferred and recognized as revenue in the financial period to which they relate.

Donations, rental, fundraising, investment income and other are recognized when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2024

2. Significant accounting policies – continued

h) 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.

i) 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 investment earns interest at variable 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.

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2024

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, 2024, the Organization has met its objective of having sufficient liquidity to meet its current obligations.

5. Short-term investment

The short-term investment consists of a Guaranteed Investment Certificate which matures on August 20, 2024.

6. Oakville Community Foundation

The investment in Oakville Community Foundation represents an endowment and entitles the Organization to share in investment income from pooled funds, along with other agencies. The Oakville Community Foundation is to retain these funds in perpetuity. During the year, the pooled investment fund earned investment income of \$11,191, net of administrative fees and shared foundation management expenses and grants. In addition, \$14,648 was disbursed from the endowment fund to the Organization.

7. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Net	Net
Land	\$ 92,000	-	92,000	92,000
Building	551,214	551,214	-	4,438
Building improvements	696,323	680,369	15,954	18,271
Computer equipment	41,925	36,597	5,328	9,672
Furniture and fixtures	8,899	8,899	-	-
	<u>\$ 1,390,361</u>	<u>1,277,079</u>	<u>113,282</u>	<u>124,381</u>

Amortization recorded during the year amounted to \$12,969 (2023 - \$25,029).

During the year, capital assets were acquired for cash at an aggregate cost of \$1,870 (2023 - \$3,862).

The Organization has determined that there was no impairment of capital assets as at March 31, 2024.

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2024

8. Deferred revenue

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

	2024	2023
Balance, beginning of year	\$ 140,609	99,598
Amount received in the year	1,518,990	1,370,500
Revenue recognized in the year	<u>(1,338,902)</u>	<u>(1,329,489)</u>
Balance, end of year	<u>\$ 320,697</u>	<u>140,609</u>
Comprised of:		
Grants	\$ 283,797	140,609
Donations	16,900	-
Fundraising	<u>20,000</u>	<u>-</u>
	<u>\$ 320,697</u>	<u>140,609</u>

9. 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:

	2024	2023
Balance, beginning of year	\$ 20,060	26,176
Grants received for purchase of capital assets	5,000	-
Revenue recognized in the year	<u>(6,116)</u>	<u>(6,116)</u>
Balance, end of year	<u>\$ 18,944</u>	<u>20,060</u>

10. Long-term debt

During the year, the Organization received a loan for \$150,000. The loan bears interest at 6.0% per annum, with interest being payable on a quarterly basis, principal to be fully repaid March 2027, and secured by the land and building located at 639 Main Street East, Hamilton.

11. Contingent liability

Management is aware of possible claims against the Organization with respect to incidents that were discovered during a previous fiscal year. Management does not know the probability of the realization of possible claims and the outcome cannot be reasonably determined at this time. Accordingly, no provision for loss has been reflected in the accounts of the Organization as management expects any loss related to possible claims to be covered by insurance.

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2024

12. Fundraising

Fundraising activities for the year are as follows:

	2024	2023
Revenues		
Bowling	\$ 51,252	-
Direct mail	-	785
Golf tournament	74,080	63,043
Other agency initiatives	1,150	-
On-line auction	-	4,404
Third party events	20,421	4,825
	<u>146,903</u>	<u>73,057</u>
Expenses		
Bowling	6,745	-
Golf tournament	32,104	31,789
Other	1,267	5,734
	<u>40,116</u>	<u>37,523</u>
Fundraising, net	<u>\$ 106,787</u>	<u>35,534</u>

13. Professional fees

Professional fees for the year are as follows:

	2024	2023
Consulting	\$ -	112,362
Legal	27,791	2,072
One-time recruitment	518	41,284
	<u>\$ 28,309</u>	<u>155,718</u>

14. Related party transactions

During the year, the Organization entered into the following transactions with Big Brothers Big Sisters of Canada ("BBBSC") 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 \$202,123 (2023 - \$252,781) for the year.
- b) Membership fees were paid to BBBSC, aggregating to \$21,000 (2023 - \$13,889) for the year.

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Notes to financial statements

As at March 31, 2024

15. Operating lease commitments

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

2025	\$	4,704
2026		<u>4,704</u>
	\$	<u>9,408</u>

16. 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.

BIG BROTHERS BIG SISTERS OF HALTON AND HAMILTON

(Incorporated without share capital)

Schedule to statement of operations – Ministry of Children, Community and Social Services

For the year ended March 31, 2024

	2024	2023
Schedule 1		
Revenue		
Ministry of Children, Community and Social Services	\$ 135,000	135,000
Expenditure		
Allocated central administration	13,500	13,500
Occupancy	3,800	3,873
Other program service and expenditures	44,868	52,311
Salaries and benefits	64,500	57,309
Staff training and development	3,482	3,486
Supplies and equipment	4,576	2,681
Travel	433	1,840
	135,159	135,000
	\$ (159)	-