

**Big Brothers Big Sisters
Windsor Essex**

Financial Statements

For the year ended December 31, 2020

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Independent Auditor's Report

To the Board of Directors of Big Brothers Big Sisters Windsor Essex

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters Windsor Essex (the Association), which comprise the statement of financial position as at December 31, 2020, the statements of operations and changes in net assets 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 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 Association as at December 31, 2020, and its financial performance and cash flows for the then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Ontario
June 24, 2021

Big Brothers Big Sisters Windsor Essex

Statement of Financial Position

December 31,	2020	2019
Assets		
Current		
Cash and bank - unrestricted	\$ 89,910	\$ 91,221
Cash and bank - restricted (Note 2)	9,839	7,629
Accounts receivable (Note 4)	119,214	8,457
Prepaid expenses	2,171	3,043
	<u>221,134</u>	<u>110,350</u>
Capital assets (Note 3)	<u>10,047</u>	<u>7,539</u>
	<u>\$ 231,181</u>	<u>\$ 117,889</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 4)	\$ 50,690	\$ 10,058
Deferred contributions (Note 7)	54,027	35,320
Due to The Foundation (Note 4)	21,595	12,595
	<u>126,312</u>	<u>57,973</u>
Long term debt (Note 6)	<u>30,000</u>	<u>-</u>
	<u>156,312</u>	<u>\$ 57,973</u>
Commitments and contingent liabilities (Note 9)		
Net assets		
Unrestricted	54,983	44,748
Restricted	9,839	7,629
Invested in capital assets	10,047	7,539
	<u>74,869</u>	<u>59,916</u>
	<u>\$ 231,181</u>	<u>\$ 117,889</u>

On behalf of the Board:

_____ Director

_____ Director

Big Brothers Big Sisters Windsor Essex

Statement of Operations

For the year ended December 31,	2020	(Unaudited) Budget	2019
Revenue			
Allocation by the United Way (Note 5)	\$ 241,522	\$ 219,700	\$ 345,281
Donation from Foundation - base	145,000	145,000	323,352
Fundraising, net	132,801	227,000	37,794
Grants (Note 7)	78,558	37,500	41,630
In-school mentoring program grants	53,520	50,300	56,967
Other income (Note 6)	10,000	-	-
Management income	4,050	22,250	1,250
	665,451	701,750	806,274
Expenses			
Salaries and employee benefits	455,275	605,757	562,387
Occupancy (Note 4)	77,603	83,130	81,961
Office	26,150	27,800	32,240
Program costs	27,462	24,200	24,123
Memberships and meetings	25,842	30,300	22,968
Professional fees	21,087	11,500	19,170
Transportation	6,876	16,800	13,233
Recruitment and education	6,398	12,000	12,353
Amortization	3,493	-	2,216
Interest and bank charges	312	-	420
	650,498	811,487	771,071
Excess of revenue over expenses			
(expenses over revenue)	\$ 14,953	\$ (109,737)	\$ 35,203

Big Brothers Big Sisters Windsor Essex

Statement of Changes in Net Assets

For the year ended December 31, 2020 2019

Net assets	Unrestricted	Restricted	Invested in Capital Assets	Total	Total
Net assets, beginning of year	\$ 44,748	\$ 7,629	\$ 7,539	\$ 59,916	24,713
Excess of revenue over expenses	16,236	2,210	(3,493)	14,953	35,203
Transfers	(6,001)	-	6,001		-
Net assets, end of year	\$ 54,983	\$ 9,839	\$ 10,047	\$ 74,869	59,916

Big Brothers Big Sisters Windsor Essex

Statement of Cash Flows

For the year ended December 31,	2020	2019
Cash Provided By (Used In)		
Operating activities		
Excess of revenue over expenses	\$ 14,953	\$ 35,203
Item not involving cash		
Amortization	3,493	2,216
	<u>18,446</u>	<u>37,419</u>
Changes in non-cash working capital balances		
Accounts receivable and prepaid expenses	(109,885)	15,041
Accounts payable and accrued liabilities	40,632	(4,109)
Due to the Foundation	9,000	(20,000)
Deferred contributions	18,707	35,320
	<u>(41,546)</u>	<u>26,252</u>
Investing activities		
Capital asset additions	<u>(6,001)</u>	<u>(3,075)</u>
Financing activities		
Net increase in long-term debt	<u>30,000</u>	<u>-</u>
Increase in cash and bank during the year	899	60,596
Cash and bank, beginning of year	<u>98,850</u>	<u>38,254</u>
Cash and bank, end of year	\$ 99,749	\$ 98,850
Represented by		
Cash and bank - unrestricted	\$ 89,910	\$ 91,221
Cash and bank - restricted	<u>9,839</u>	<u>7,629</u>
	\$ 99,749	\$ 98,850

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2020

1. Significant accounting policies

Nature of association	Big Brothers Big Sisters Windsor Essex operates programs aimed at matching male and female youths with older male and female volunteers to offer friendship to those in need. The association is incorporated as a not-for-profit corporation without share capital under the corporate laws of the Province of Ontario and is a registered charitable organization under the Income Tax Act. Its Board of Directors is elected, pursuant to its By-laws by the community at large, at an annual members meeting each year.						
Basis of accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.						
Fund accounting	<p>The Association follows the restricted fund method of accounting for contributions.</p> <p>The Unrestricted Fund accounts for the association's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.</p> <p>The Capital Fund reports the assets, liabilities, revenue and expenses related to the association's capital assets.</p> <p>The Restricted Fund reports the revenues and expenses related to fundraising efforts subject to external restrictions.</p>						
Capital assets	<p>Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization expense is reported in the Capital Fund provided as follows:</p> <table><tr><td>Office furniture</td><td>20% diminishing balance</td></tr><tr><td>Computer equipment</td><td>30% diminishing balance</td></tr><tr><td>Signs</td><td>20% diminishing balance</td></tr></table> <p>One half the rate is used in the year of acquisition.</p>	Office furniture	20% diminishing balance	Computer equipment	30% diminishing balance	Signs	20% diminishing balance
Office furniture	20% diminishing balance						
Computer equipment	30% diminishing balance						
Signs	20% diminishing balance						

Big Brothers Big Sisters Windsor Essex

Summary of Significant Accounting Policies

December 31, 2020

1. Significant accounting policies (continued)

Revenue recognition	<p>Restricted contributions related to general operations are recognized as revenue of the unrestricted contributions in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted contributions.</p> <p>Unrestricted contributions are recognized as revenue of the unrestricted contributions in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>The above applies to funding from the United Way and other income.</p>
Use of estimates	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>
Financial instruments	<p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.</p>
Government assistance	<p>The Big Brothers Big Sisters Windsor Essex makes periodic applications for financial assistance under government incentive programs including investment tax credits. Government assistance received during the year for current expenses is included in the determination of net income for the year. Government assistance related to capital expenditures is shown as a reduction of the cost of such assets.</p>

2. Cash and bank - restricted

The use of funds in the bingo, nevada and lottery bank accounts are externally restricted by the regulatory bodies.

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2020

3. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Office furniture	\$ 79,125	\$ 74,646	\$ 4,479	\$ 5,598
Computer equipment	29,045	23,549	5,496	1,851
Signs	5,568	5,496	72	90
	\$ 113,738	\$ 103,691	\$ 10,047	\$ 7,539

4. Due to The Foundation

All of the amounts due to and from the Big Brothers Big Sisters Windsor Essex Foundation (the "Foundation") are due on demand and have arisen from transactions occurring in the normal course of business. Amounts are interest free and have no fixed terms of repayment. The two entities are related by way of their common objectives and some common board members.

The Association pays rent to the Foundation for use of the land and building. The Association was charged \$48,000 (2019 - \$48,000) for use of the facility during the year. At year end there was a balance of \$8,269 in accounts receivable and \$36,000 in accounts payable with Big Brothers Big Sisters Windsor Essex Foundation.

5. Funding

The general operations of the Association are funded through grants from United Way of Windsor-Essex County. Any surplus arising out of these activities may be refundable to the United Way.

6. Long term debt

The Association has received the Canada Emergency Business Account interest free loan from the Government of Canada due to the ongoing global pandemic. A portion of the loan is considered forgivable and has been taken into income. The loan is due December 31, 2022.

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2020

7. Grants

During the year the Association brought the following grants into income:

	<u>2020</u>	<u>2019</u>
Royal Bank of Canada Foundation	\$ 17,500	\$ 17,500
Community Foundations of Canada	16,775	-
Employment and Social Development Canada	12,743	16,844
Trillium grant	11,040	-
Windsor Essex Community Foundation	11,000	-
St. Joseph Diocese of London	5,000	5,000
BNA Constructors	4,500	-
Other grants	-	2,286
	<u>\$ 78,558</u>	<u>\$ 41,630</u>

At year end, the following grants were included in deferred contributions as they represent funds received for future programs:

	<u>2020</u>	<u>2019</u>
Ontario Trillium Foundation	\$ 28,360	\$ -
United Way of Windsor-Essex County	16,667	-
Sisters of St. Joseph Grant	5,000	5,000
Deferred sponsorships	4,000	-
Royal Bank of Canada Foundation	-	17,500
In-School Mentoring program grant	-	12,820
	<u>\$ 54,027</u>	<u>\$ 35,320</u>

Big Brothers Big Sisters Windsor Essex

Notes to Financial Statements

December 31, 2020

8. Impact of COVID-19

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Although governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, the uncertainty in the market may impact the Association’s ability to raise funds to support its continued operations.

Although the Association cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the their results of future operations, financial position, and liquidity in fiscal year 2021.

9. Commitments and contingent liabilities

The Association has signed a letter of guarantee in the amount of \$150,000, in favour of The Foundation for operating lines of credit held with the Windsor Family Credit Union. During the year the unused available credit was \$150,000.

10. Financial instruments

Liquidity risk

Liquidity risk is the risk that the Association encounters difficulty in meeting its obligations with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset.

Trade accounts payable and accrued liabilities are generally repaid within 30 days.

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Business risk

A business risk arises due to the economic dependence on funding, like the allocations from the United Way and the United Way is continuing to modify their funding models.
