

Big Brothers & Big Sisters of Kincardine & District
Financial Statements
For the year ended December 31, 2022
(Unaudited)

**Big Brothers & Big Sisters of Kincardine & District
Financial Statements
For the year ended December 31, 2022
(Unaudited)**

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Independent Practitioner's Review Engagement Report

To the Members of Big Brothers & Big Sisters of Kincardine & District

We have reviewed the accompanying financial statements of Big Brothers & Big Sisters of Kincardine & District, which comprise the balance sheet as at December 31, 2022, and the statements of changes in unrestricted net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require that we comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, Big Brothers & Big Sisters of Kincardine & District derives revenue from cash and in-kind donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Big Brothers & Big Sisters of Kincardine & District. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Big Brothers & Big Sisters of Kincardine & District as at December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Kincardine, Ontario
June 1, 2023

**Big Brothers & Big Sisters of Kincardine & District
Balance Sheet
(Unaudited)**

	2022	2021
Assets		
Current		
Cash and bank	\$ 59,647	\$ 57,139
Investment savings account	26,806	26,352
Short-term investments (Note 3)	26,851	29,457
Accounts receivable	8,505	9,799
Prepaid expenses	40	4,517
	<u>121,849</u>	<u>127,264</u>
	\$ 121,849	\$ 127,264

Liabilities and Net Assets

Current		
Deferred revenue (Note 4)	\$ 13,218	\$ 1,000
Accounts payable (Note 5)	23,113	14,316
	<u>36,331</u>	<u>15,316</u>
Net Assets		
Unrestricted net assets	85,518	111,948
	<u>121,849</u>	<u>127,264</u>
	\$ 121,849	\$ 127,264

On behalf of the Board:

Director

The accompanying notes are an integral part of these financial statements.

**Big Brothers & Big Sisters of Kincardine & District
Statement of Changes in Unrestricted Net Assets
(Unaudited)**

	2022	2021
For the year ended December 31		
Balance, beginning of year	\$ 111,948	\$ 113,372
Deficiency of revenues over expenses for the year	(26,430)	(1,424)
Balance, end of year	\$ 85,518	\$ 111,948

The accompanying notes are an integral part of these financial statements.

**Big Brothers & Big Sisters of Kincardine & District
Statement of Operations
(Unaudited)**

	For the year ended December 31	
	2022	2021
Revenues		
Unrestricted donations - individuals	\$ 15,048	\$ 16,108
Unrestricted donations - corporations	33,363	21,150
Fundraising activities, net (Note 2)	94,011	60,968
Investment income	1,064	689
Lottery income, net	-	2,388
Program grants	23,630	26,734
Government grants	28,101	35,639
Change in fair value of short-term investments	(3,065)	(258)
	192,152	163,418
	100.0 %	100.1 %
Expenses		
Activities	2,239	366
Advertising and promotion	2,608	1,122
Capital expenditures	2,604	9,408
Consulting fees	-	5,000
Group mentoring	23,734	15,588
Insurance	7,627	3,668
Interest and bank charges	1,335	921
Membership dues and subscriptions	3,200	3,487
Printing, stationery and office supplies	12,320	6,892
Prior year surplus funds expense	-	7,247
Professional fees	17,469	13,277
Rent	5,519	5,519
Salaries and benefits	137,239	90,319
Telephone	792	713
Vehicle	1,896	1,315
	218,582	164,842
	114.0 %	100.8 %
Deficiency of revenues over expenses for the year	\$ (26,430) (14.0)%	\$ (1,424) (0.7)%

The accompanying notes are an integral part of these financial statements.

**Big Brothers & Big Sisters of Kincardine & District
Statement of Cash Flows
(Unaudited)**

	2022	2021
For the year ended December 31		
Cash flows from operating activities:	\$ (26,430)	\$ (1,424)
Items not involving cash		
Change in fair value of short-term investments	3,065	258
Changes in non-cash working capital items	(23,365)	(1,166)
Accounts receivable	1,294	11,250
Accounts payable	4,477	(749)
Prepaid expenses	8,797	2,822
Deferred revenue	12,218	(34,627)
Cash flow from investing and financing activities:		
Purchase of short-term investments	(459)	(617)
Change in cash	2,962	(23,087)
Cash, beginning of year	83,491	106,578
Cash, end of year	\$ 86,453	\$ 83,491
Cash and cash equivalents consist of the following:		
Cash and bank	\$ 59,647	\$ 57,139
Investment savings account	26,806	26,352
	\$ 86,453	\$ 83,491

The accompanying notes are an integral part of these financial statements.

**Big Brothers & Big Sisters of Kincardine & District
Notes to Financial Statements
(Unaudited)**

December 31, 2022

1. Summary of Significant Accounting Policies

Nature and Purpose of Organization Big Brothers & Big Sisters of Kincardine & District is a non-profit association incorporated without share capital under the laws of Ontario. The association provides supportive developmental relationships to children between the ages of 6 and 16 years old in Bruce and Huron counties.

The association is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when the collection is reasonably assured. Deferred revenue arises when the association receives restricted contributions for which it has not incurred the related expenses.

Fundraising, grants, donations and lottery revenues are recognized when receivable and collection is reasonably assured.

Unrestricted investment income is recognized when the right to receive payment is established provided that collection is reasonably assured and can be reliably measured.

Contributed Materials and Services

Volunteers contribute a significant number of hours per year to assist the association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Contributed materials and services which are used in the normal course of the association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments traded in an active market are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Capital Assets

Capital assets are not recorded on the balance sheet. Expenditures for capital assets in the year are recorded as expenses and disclosed in the statement of operations.

**Big Brothers & Big Sisters of Kincardine & District
Notes to Financial Statements
(Unaudited)**

December 31, 2022

2. Fundraising Activities

During the year, the association sponsored fundraising events to generate cash for operations. Revenues reported in the Statement of Operations include net revenue from these events of \$94,011 (2021: \$60,968). Gross revenue and expenses related to these events were as follows:

Event	2022	2021
Dancing with the Stars	\$ 68,317	\$ 58,530
Golf Tournaments	\$ 25,769	\$ 119,367
Gross revenue	\$ 152,616	\$ 119,367
Gross expenses	58,605	58,399
Net revenue	\$ 94,011	\$ 60,968

3. Short-term Investments

The association's short-term investments consist of a conservative income fund.

4. Deferred Revenue

The breakdown of deferred revenue for the year is as follows:

	2022	2021
United Way grant	-	1,000
Ontario Trillium Foundation grant	6,500	-
Donations - Matiland River Community Church	6,718	-
	<u>\$ 13,218</u>	<u>\$ 1,000</u>

5. Accounts Payables

Included in accounts payables are government remittances payable of \$3,229 (2021: \$1,711).

**Big Brothers & Big Sisters of Kincardine & District
Notes to Financial Statements
(Unaudited)**

December 31, 2022

6. Capital Assets

The association owns several assets which have been purchased and expensed in prior years. Major categories of assets owned by the association include computer, furniture and equipment.

During the year, the association purchased computer equipment at a cost of \$4,940. The amount was included as an expense in the Statement of Operations since it is the association's policy to expense capital assets on acquisition.

7. Commitment

The association's total obligations under an operating lease for its premises is as follows:

2023	\$	7,910
2024		7,910
2025		10,170
2026		10,170
2027		11,300
2028		11,300

8. Contributed Materials

During the year, the association received contributed materials of \$8,155 (2021: \$28,069). The value of these contributed materials has been included in the financial statements as follows: \$3,122 in unrestricted donations - individuals, \$5,033 in unrestricted donation - corporations, \$1,500 in advertising and promotion expense, \$3,122 in group mentoring expense, \$608 in printing, stationery and office supplies expense, and \$2,925 in Dancing with the Stars fundraising expense.

9. Subsequent Events

On January 9, 2023, Articles of Amendment filed by the association were approved to change its name to "Big Brothers Big Sisters South Bruce North Huron".

**Big Brothers & Big Sisters of Kincardine & District
Notes to Financial Statements
(Unaudited)**

December 31, 2022

10. Financial Instrument Risk

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 association is exposed to interest rate risk arising from the possibility that changes in market interest rates will affect the value of the association's investment savings account and short-term investments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. An organization is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or if the financial institution holding the company's funds defaults on the balance. The association's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable.

The organization is also exposed to credit risk as it has funds in excess of \$100,000 held with a single financial institution which exceeds the Canada Deposit Insurance Corporation's coverage limit.

Liquidity risk

Liquidity risk is the risk that an organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, an 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. The association's financial instruments that are exposed to concentrations of liquidity risk relate primarily to accounts payable.

There have been no changes to the association's financial instrument risk exposure from the prior year.

11. Changes in Presentation of Comparative Financial Statements

The comparative amounts presented in the financial statements has been restated to the current year's presentation.