

**Big Brothers & Big Sisters of  
Kincardine & District  
Financial Statements  
For the year ended December 31, 2021**

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**Financial Statements**  
For the year ended December 31, 2021

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## Independent Auditor's Report

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

#### Qualified Opinion

We have audited the accompanying financial statements of Big Brothers & Big Sisters of Kincardine & District (the Entity), which comprise the balance sheet as at December 31, 2021, and the statements of operations, changes in unrestricted 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 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 Entity as at December 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 not-for-profit organizations, the Entity derives revenue from donations and 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and unrestricted net assets as at January 1 and December 31 for both the 2021 and 2020 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 Entity 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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

Kincardine, Ontario

June 2, 2022

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## Big Brothers & Big Sisters of Kincardine & District Balance Sheet

December 31	2021	2020
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 57,139	\$ 80,299
Short-term Investments (Note 3)	55,809	55,377
Trade receivables	9,799	21,049
Prepaid expenses	4,517	3,768
	<b>\$ 127,264</b>	<b>\$ 160,493</b>

### Liabilities and Net Assets

<b>Current</b>		
Trade payables (Note 5)	\$ 14,316	\$ 11,494
Deferred revenue (Note 4)	1,000	35,627
	15,316	47,121
<b>Net Assets</b>		
Unrestricted net assets	111,948	113,372
	<b>\$ 127,264</b>	<b>\$ 160,493</b>

On behalf of the Board:

\_\_\_\_\_ Director

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

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## Big Brothers & Big Sisters of Kincardine & District Statement of Changes in Unrestricted Net Assets

For the year ended December 31	2021	2020
Balance, beginning of year	\$ 113,372	\$ 95,500
Excess (deficiency) of revenues over expenses for the year	<u>(1,424)</u>	<u>17,872</u>
Balance, end of year	\$ 111,948	\$ 113,372

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

## Big Brothers & Big Sisters of Kincardine & District Statement of Operations

	For the year ended December 31	
	2021	2020
<b>Revenues</b>		
Unrestricted donations - individuals	\$ 16,108	\$ 15,965
Unrestricted donations - corporations	21,150	15,789
Fundraising activities, net (Note 2)	60,968	47,849
Investment income	689	425
Lottery income, net	2,388	12,977
Program grants	26,734	9,081
Government grants (Note 11)	35,639	38,937
Change in fair value of short-term investments	(258)	1,500
	<b>163,418</b>	<b>142,523</b>
	<b>100.0 %</b>	<b>100.2 %</b>
<b>Expenses</b>		
Activities	366	(33)
Advertising and promotion	1,122	479
Capital expenditures	9,408	1,976
Consulting fees	5,000	-
Group mentoring	15,588	14,348
Insurance	3,668	3,821
Interest and bank charges	921	299
Membership dues and subscriptions	3,487	3,222
Printing, stationery and office supplies	6,892	3,067
Prior year surplus funds expense	7,247	-
Professional fees	13,277	8,433
Rent	5,519	4,814
Salaries and benefits	90,319	82,909
Telephone	713	840
Vehicle	1,315	476
	<b>164,842</b>	<b>124,651</b>
	<b>100.8 %</b>	<b>87.6 %</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (1,424)</b>	<b>\$ 17,872</b>
	<b>(0.8)%</b>	<b>12.6 %</b>

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

## Big Brothers & Big Sisters of Kincardine & District Statement of Cash Flows

For the year ended December 31	2021	2020
<b>Cash flows from operating activities:</b>		
Excess (deficiency) of revenues over expenses for the year	\$ (1,424)	\$ 17,872
Items not involving cash		
Change in fair value of short-term investments	<u>258</u>	<u>(1,500)</u>
	(1,166)	16,372
Changes in non-cash working capital items		
Trade receivables	11,250	(7,019)
Prepaid expenses	(749)	(514)
Trade payables	2,822	4,110
Deferred revenue	<u>(34,627)</u>	<u>24,839</u>
	<u>(21,304)</u>	<u>21,416</u>
<b>Cash flow from investing and financing activities:</b>		
Purchase of short-term investments	<u>(690)</u>	<u>(425)</u>
Change in cash	(23,160)	37,363
Cash, beginning of year	<u>80,299</u>	<u>42,936</u>
<b>Cash, end of year</b>	<b>\$ 57,139</b>	<b>\$ 80,299</b>
Cash and cash equivalents consist of the following:		
<b>Cash and bank</b>	<b>\$ 57,139</b>	<b>\$ 80,299</b>

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



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# Big Brothers & Big Sisters of Kincardine & District Notes to Financial Statements

December 31, 2021

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## 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 is set up to provide adult companionship to children between the ages of 6 and 16 years old in Kincardine and surrounding communities.

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

### Basis of Accounting

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 receivable and 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

**December 31, 2021**

### 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 \$60,968 (2020: \$47,849). Gross revenue and expenses related to these events were as follows:

Event	Dancing with the Stars		Golf Tournaments		Other	
	2021	2020	2021	2020	2021	2020
Gross revenue	\$ 60,040	\$ 45,637	\$ 13,690	\$ 119,367	\$ 69,592	
Gross expenses	30,965	23,109	4,325	58,399	21,743	
Net revenue	<u>\$ 29,075</u>	<u>\$ 22,528</u>	<u>\$ 9,365</u>	<u>\$ 60,968</u>	<u>\$ 47,849</u>	

### 3. Short-term Investments

The association's short-term investments consist of an investment savings account and a conservative income fund.

### 4. Deferred Revenue

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

	2021	2020
Dancing with the Stars fundraising revenue	\$ -	\$ 16,700
Community Foundations Grey Bruce grant	-	3,046
PC grant	-	358
United Way grant	1,000	10,303
Community Foundations In-School Mentoring grant	-	4,527
Municipality of Kincardine grant	-	693
	<u>\$ 1,000</u>	<u>\$ 35,627</u>

### 5. Trade Payables

Included in trade payables are government remittances payable of \$1,711 (2020: \$930).

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## Big Brothers & Big Sisters of Kincardine & District Notes to Financial Statements

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December 31, 2021

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### 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 office furniture and equipment at a cost of \$8,234, computer equipment at a cost of \$1,624 and a sign at a cost of \$883. These amounts were included as expenses in the Statement of Operations since it is the association's policy to expense capital assets on acquisition.

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### 7. Commitment

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

2022	\$ 6,000
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### 8. Contributed Materials

During the year, the association received contributed materials of \$28,069 (2020: \$8,317). The value of these contributed materials has been included in the financial statements as follows: \$1,320 in unrestricted donations - individuals, \$5,000 in unrestricted donations - corporations, \$5,839 in golf tournaments fundraising revenue, \$1,060 in other fundraising revenue, \$14,850 in Dancing with the Stars fundraising revenue, \$1,320 in group mentoring expense, \$5,000 in consulting fees expense, \$5,839 in golf tournaments fundraising expense, \$1,060 in other fundraising expense, and \$14,850 in Dancing with the Stars fundraising expense.

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## Big Brothers & Big Sisters of Kincardine & District Notes to Financial Statements

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December 31, 2021

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### 9. 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 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 counterpart to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterpart; 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 trade receivables and prepaid expenses.

#### 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 trade payables and deferred revenue.

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### 10. Uncertainty Due to COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy continues. As a result, there could be further impact on the association, its events and its donors. The Board of Directors are actively monitoring the affect on its financial condition, liquidity, operations, suppliers, industry, and workforce. During the year, fundraising events held by the association were either restricted in capacity or held virtually. At this time, the full potential impact of COVID-19 on the association is not known.

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### 11. Government Grants

Included in government grant revenue is \$17,726 (2020: \$34,803) received from the Canada Revenue Agency for the 'Canada Emergency Wage Subsidy' (CEWS). The full amount of the CEWS income was recognized as revenue during the year because the related salary expenses were also incurred during the year.

Also included in government grant revenue is \$10,800 received from the Ontario Trillium Foundation for the Resilient Communities Fund grant.

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