

**Big Brothers Big Sisters South Bruce North Huron
Financial Statements
December 31, 2023
(Unaudited)**

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Takalo & Burt

Ronald E. Takalo, B.Math., CPA, LPA

Ronald F. Burt, B. Comm., CPA, LPA

40 Courthouse Square
Goderich, Ontario
N7A 1M4
Tel: 519-524-2677
Fax: 519-524-7886

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To The Members of Big Brothers Big Sisters South Bruce North Huron

We have reviewed the accompanying financial statements of Big Brothers Big Sisters South Bruce North Huron, which comprise the statement of financial position as at December 31, 2023, and the statement of revenues, expenditures and unrestricted net assets, 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 South Bruce North Huron 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 South Bruce North Huron. 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and unrestricted net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our conclusion on the financial statements for the year ended December 31, 2023 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 South Bruce North Huron as at December 31, 2023, 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.

Other Matter - Predecessor Auditor

The financial statements of Big Brothers Big Sisters South Bruce North Huron for the year ended December 31, 2022 were reviewed by a different practitioner who expressed a qualified conclusion on those statements on their Independent Practitioners's Review Engagement report dated June 1, 2023.

Goderich, Ontario
March 19, 2024

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED PROFESSIONAL ACCOUNTANTS



Takal & Burt

Big Brothers Big Sisters South Bruce North Huron
Statement of Revenues, Expenditures and Unrestricted Net Assets
Year ended December 31
(Unaudited)

2023

2022

Revenues

Fundraising activities - net (Note 5)	\$ 103,321	\$ 94,011
Government grants	55,636	28,101
Program grants	40,665	23,630
Unrestricted donations - individuals	19,100	15,048
Unrestricted donations - corporations	10,418	33,363
Investment income	1,171	1,064
Unrealized gain (loss) on fair value of short-term investments	1,104	(3,065)
	<u>231,415</u>	<u>192,152</u>

Expenditures

Salaries and benefits	223,986	137,239
Group mentoring	11,344	23,734
Professional fees	11,285	17,469
Membership dues and subscriptions	7,439	3,200
Rent	7,276	5,519
Printing, stationery and office supplies	5,937	12,320
Insurance	5,363	7,627
Advertising and promotion	2,117	2,608
Travel	1,980	1,896
Interest and bank charges	1,818	1,335
Capital expenditures	1,038	2,604
Telephone	902	792
Activities	666	2,239
	<u>281,151</u>	<u>218,582</u>

Deficiency of revenues over expenditures \$ (49,736) \$ (26,430)

Unrestricted net assets, beginning of the year \$ 85,518 \$ 111,948

Deficiency of revenues over expenditures for the year (49,736) (26,430)

Unrestricted net assets, end of the year \$ 35,782 \$ 85,518

**Big Brothers Big Sisters South Bruce North Huron
Statement of Financial Position**

As at December 31
(Unaudited)

2023

2022

ASSETS

Current

Cash and cash equivalents	\$ 35,506	\$ 59,647
Short-term investments (Note 6)	21,871	26,851
Investment savings account	-	26,806
HST recoverable	7,308	8,505
Prepaid expenses	309	40
Grant receivable	<u>6,375</u>	<u>-</u>
	<u>\$ 71,369</u>	<u>\$ 121,849</u>

LIABILITIES

Current

Payables and accruals (Note 4)	\$ 35,587	\$ 23,113
Deferred revenue (Note 3)	<u>-</u>	<u>13,218</u>
	<u>35,587</u>	<u>36,331</u>

NET ASSETS

Unrestricted net assets	<u>35,782</u>	<u>85,518</u>
	<u>\$ 71,369</u>	<u>\$ 121,849</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

Big Brothers Big Sisters South Bruce North Huron

Statement of Cash Flows

Year ended December 31
(Unaudited)

2023

2022

Cash derived from (applied to)

Operating activities

Deficiency of revenues over expenditures	\$ (49,736)	\$ (26,430)
Unrealized (gain) loss on fair value of short-term investments	(1,104)	3,065
Change in non-cash operating working capital		
HST recoverable	1,197	1,294
Prepaid expenses	(269)	4,477
Grant receivable	(6,375)	-
Payables and accruals	12,474	8,797
Deferred revenue	<u>(13,218)</u>	<u>12,218</u>
	(57,031)	3,421

Investing activities

(Increase) decrease in investments - net	<u>6,084</u>	<u>(459)</u>
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Increase (decrease) in cash

(50,947) 2,962

Cash, beginning of year

86,453 83,491

Cash, end of year

\$ 35,506 \$ 86,453

Cash consists of:

Cash	\$ 35,506	\$ 59,647
Investment savings account	<u>-</u>	<u>26,806</u>
	\$ <u>35,506</u>	\$ <u>86,453</u>

Big Brothers Big Sisters South Bruce North Huron

Notes to the Financial Statements

December 31, 2023

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Big Brothers Big Sisters South Bruce North Huron 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 such, is exempt from income tax and may issue income tax receipts to donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are the representation of management prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies adopted by the association are as follows:

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 received 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 net 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 in 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term deposits with initial maturity terms equal to or less than 90 days.

Financial instruments

Financial instruments are recorded at fair value upon initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value, with any change in fair value reported in income. All other financial instruments are recorded at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Big Brothers Big Sisters South Bruce North Huron

Notes to the Financial Statements

December 31, 2023

(Unaudited)

Financial assets are tested for impairment on an annual basis if there are any indicators of impairment. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Capital assets

The historical cost and accumulated depreciation for capital assets are not recorded. Acquisitions of capital assets are reported as an expenditure on the statement of revenues, expenses, and unrestricted net assets in the period that the assets are acquired.

Use of estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

3. DEFERRED REVENUE

2023

2022

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

Donations - Maitland River Community Church	\$ -	\$ 6,718
Ontario Trillium Foundation grant	-	6,500
	<u>\$ -</u>	<u>\$ 13,218</u>

4. PAYABLES AND ACCRUALS

Included in payables are government remittances payable of **\$14,248** (2022 - \$3,229).

5. FUNDRAISING ACTIVITIES

During the year, the association sponsored fundraising events to generate cash for operations. Revenues reported in the statement of revenues, expenditures and unrestricted net assets include net revenue from these events of **\$103,321** (2022 - \$94,011). Gross revenue and expenses related to these events were as follows:

	<u>Dancing with the stars</u>	<u>Golf tournaments</u>	<u>Other</u>	<u>2023</u>	<u>2022</u>
Gross revenue	\$ 54,713	\$ 64,728	\$ 35,585	\$ 155,026	\$ 152,616
Gross expenses	<u>21,827</u>	<u>24,022</u>	<u>5,856</u>	<u>51,705</u>	<u>58,605</u>
Net revenue	<u>\$ 32,886</u>	<u>\$ 40,706</u>	<u>\$ 29,729</u>	<u>\$ 103,321</u>	<u>\$ 94,011</u>

Big Brothers Big Sisters South Bruce North Huron
Notes to the Financial Statements
December 31, 2023
(Unaudited)

6. SHORT-TERM INVESTMENTS

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

7. COMMITMENT

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

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 **\$nil** (2022 - \$8,155). The value of these contributed materials has been reported in the statement of revenues, expenditures and net assets.

9. CHANGES IN PRESENTATION OF COMPARATIVE FINANCIAL STATEMENTS

The comparative figures presented in the financial statements have been restated to conform with current years presentation.

10. FINANCIAL INSTRUMENTS

Risk management

The organization monitors, evaluates and manages the principal risks assumed with its financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk, market and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of 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 exposure

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.

Big Brothers Big Sisters South Bruce North Huron

Notes to the Financial Statements

December 31, 2023

(Unaudited)

Liquidity risk exposure

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. ON-GOING MATTERS - NAME CHANGE

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