

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT

FINANCIAL STATEMENTS

For the year ended December 31, 2019

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
TABLE OF CONTENTS
December 31, 2019

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 10
SCHEDULE TO THE FINANCIAL STATEMENTS	11

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Big Brothers Big Sisters of Lethbridge and District

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Lethbridge and District, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, 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 Opinion

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:

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements, continued

- ♦ 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.



Lethbridge, Alberta


April 16, 2020

Chartered Professional Accountants

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	2019	2018
ASSETS		
Current		
Cash and cash equivalents	\$ 281,692	\$ 217,487
Accounts receivable	29,439	21,600
GST receivable	7,292	1,974
	318,423	241,061
Restricted cash (note 3)	110,000	200,000
Capital assets (note 4)	329,836	61,191
Cash surrender value of life insurance	10,002	9,430
	\$ 768,261	\$ 511,682
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 17,167	\$ 6,226
Government remittances payable	6,470	5,741
Deferred revenue (note 5)	31,018	8,772
	54,655	20,739
Unamortized deferred capital contributions (note 6)	188,933	7,415
	243,588	28,154
Net assets		
Unrestricted	273,771	229,752
Invested in capital assets	140,902	53,776
Internally restricted (note 7)	110,000	200,000
	524,673	483,528
	\$ 768,261	\$ 511,682

Approved on behalf of the board:

Director 

Director 

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF OPERATIONS
For the year ended December 31, 2019

	2019	2018
Revenue		
Fundraising (schedule 1)	\$ 343,931	\$ 329,504
Family and Community Support Services	87,800	98,800
Donations	39,726	32,064
Grants, foundations and charities	25,000	35,770
Interest income	3,867	4,069
Increase in cash surrender value of life insurance	572	628
	500,896	500,835
Expenses		
Salaries and benefits	278,263	264,712
Fundraising (schedule 1)	62,845	71,162
Repairs and maintenance	26,000	13,626
Office and general	24,695	21,801
Program expenses	14,392	24,258
Insurance	11,989	10,685
Membership fees - Big Brothers Big Sisters Canada	8,769	8,185
Utilities and telephone	8,487	8,386
Bookkeeping services	8,453	10,638
Professional fees	7,171	7,891
Travel and conferences	5,375	6,229
Education program	-	3,109
	456,439	450,682
Excess of revenue over expenses from operations	44,457	50,153
Expenses (income) relating to capital assets		
Amortization of capital contributions	(381)	(409)
Amortization	3,693	4,233
	3,312	3,824
Excess of revenue over expenses	\$ 41,145	\$ 46,329

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2019

	Unrestricted	Invested in capital assets	Internally restricted	Total 2019	Total 2018
Balance, beginning of year	\$ 229,752	\$ 53,776	\$ 200,000	\$ 483,528	\$ 437,199
Excess of revenue over expenses	41,145	-	-	41,145	46,329
Purchase of capital assets	(182,338)	272,338	(90,000)	-	-
Capital allocations received	181,900	(181,900)	-	-	-
Amortization	3,693	(3,693)	-	-	-
Amortization of capital contributions	(381)	381	-	-	-
Balance, end of year	\$ 273,771	\$ 140,902	\$ 110,000	\$ 524,673	\$ 483,528

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

	2019	2018
Cash flows from operating activities		
Excess of revenue over expenses	\$ 41,145	\$ 46,329
Adjustments for items which do not affect cash		
Amortization	3,693	4,233
Amortization of capital contributions	(381)	(404)
	44,457	50,158
Change in non-cash working capital items		
Accounts receivable	(7,839)	(19,100)
GST	(5,318)	(785)
Accounts payable and accrued liabilities	10,940	414
Government remittances payable	729	750
Deferred revenue	22,246	(8,750)
	65,215	22,687
Cash flows from investing activities		
Purchase of capital assets	(272,338)	-
Increase in cash surrender value of life insurance	(572)	(628)
	(272,910)	(628)
Cash flows from financing activity		
Unamortized deferred capital contributions	181,900	-
Net (decrease) increase in cash and cash equivalents	(25,795)	22,059
Cash and cash equivalents, beginning of year	417,487	395,428
Cash and cash equivalents, end of year	\$ 391,692	\$ 417,487
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 281,692	\$ 217,487
Restricted cash	110,000	200,000
	\$ 391,692	\$ 417,487

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2019

1. Nature of operations

Big Brothers Big Sisters of Lethbridge and District (the Association) is a society incorporated under the laws of Alberta. Its principal activity is providing direct service to children by matching them to adult volunteers in quality mentoring relationships. As a registered charity the organization is exempt from income tax under Section 149(1) of the Income Tax Act.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

(a) Cash and cash equivalents

The Association includes cash on hand, funds held by financial institutions in operating accounts, cheques issued in excess of cash on hand, restricted cash and guaranteed investment certificates in the determination of cash and cash equivalents.

(b) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	5%
Signs	10%
Office equipment	30%
Computer equipment	45%

(c) 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program and fundraising revenues are recognized as income in the period the services are provided.

(d) Net assets invested in capital assets

The Association has chosen to treat net assets invested in capital assets as a separate component of net assets.

(e) Contributed services

Volunteers occasionally contribute their time to assist the Association in carrying out certain programs. Because of the difficulty of determining their value contributed services are not recognized in the financial statements.

(f) Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2019

2. **Significant accounting policies, continued**

(g) Measurement uncertainty

The preparation of 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. **Restricted cash**

Restricted cash comprises of funds set aside for future use as described in note 7.

	2019	2018
Guaranteed investment certificate	\$ 26,561	\$ 158,266
Cash	83,439	41,734
	\$ 110,000	\$ 200,000

Guaranteed investment certificate bears interest at 2.52% and matures in March 2020.

4. **Capital assets**

	2019		2018	
	Cost	Accumulated amortization	Net	Net
Land	\$ 24,800	\$ -	\$ 24,800	\$ 24,800
Buildings	363,632	69,132	294,500	25,191
Signs	8,615	3,246	5,369	5,966
Office equipment	55,763	52,495	3,268	4,668
Computer equipment	7,004	5,105	1,899	566
	\$ 459,814	\$ 129,978	\$ 329,836	\$ 61,191

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2019

5. Deferred revenue

Deferred revenue represents unspent resources externally restricted for specific projects and programs that are related to a subsequent year. The balances in these funds are as follows:

	Balance, beginning of year	Received	Recognized	Balance, end of year
Lethbridge Community Foundation	\$ 5,022	\$ -	\$ -	\$ 5,022
Canadian Western Bank - mentoring	3,750	7,500	(6,750)	4,500
United Way of Lethbridge	-	4,000	(2,000)	2,000
Casino	-	33,891	(22,030)	11,861
Golf For Kids Sake 2020	-	1,750	-	1,750
Scotiabank Thriving Communities Fund	-	5,885	-	5,885
	\$ 8,772	\$ 53,026	\$ (30,780)	\$ 31,018

6. Unamortized deferred capital contributions

Unamortized capital contributions represent the unamortized portion of contributions received for the purchase of capital assets. The changes for the year are as follows:

	2019	2018
Balance, beginning of year	\$ 7,415	\$ 7,824
Contributions received	181,899	-
Amounts recognized	(381)	(409)
	\$ 188,933	\$ 7,415

7. Internally restricted

The Association has internally restricted \$110,000 for future capital projects. The restricted amounts are not available for other purposes without approval by the Board of Directors.

8. Funds held by others

The Lethbridge Community Foundation holds funds on behalf of Big Brothers Big Sisters of Lethbridge and District. The Association will receive investment income earned on the contributions. As at December 31, 2019, the fund balance was \$5,884 (2018 - \$5,188).

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2019

9. Financial instruments

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk with respect to its accounts receivables. However, the Association has a significant number of donors which minimizes concentration of credit risk.

10. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

11. Subsequent event

On March 11, 2020, the World Health Organization assessed the COVID-19 outbreak as a pandemic. On March 17, 2020, the Province of Alberta declared a public health emergency as a result of the outbreak.

The pandemic has had a significant impact on global financial markets and will have significant accounting, disclosure, and internal control implications for many entities.

Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

The situation is changing rapidly and the future impact on the Association is not readily determinable at this time.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
SCHEDULE TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2019

Schedule of fundraising	Schedule 1	
	2019	2018
Revenue		
BIG Gala	\$ 131,710	\$ 141,119
Golf for Kids Sake	127,593	133,661
Bowl for Kids Sake	62,598	53,324
Casino	22,030	-
Other fundraising	-	1,400
	343,931	329,504
Expenses		
BIG Gala	31,735	37,744
Golf for Kids Sake	18,453	23,536
Bowl for Kids Sake	6,888	6,782
Other fundraising	4,066	3,100
Casino	1,703	-
	62,845	71,162
Excess of revenue over expenses	\$ 281,086	\$ 258,342

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
622 6 Avenue South
Lethbridge, AB T1J 0Z3

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of Big Brothers Big Sisters of Lethbridge and District for the year ended December 31, 2019 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements


- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated December 31, 2019 for the preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations; in particular, the financial statements are fairly presented in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
- All events subsequent to the date of the financial statements and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of uncorrected misstatements is attached to the representation letter.

Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

Big Brothers Big Sisters of Lethbridge and District
 Unadjusted Financial Statement Misstatements
 For the year ended December 31, 2019

Unadjusted Financial Statement Misstatements	Proposed Adjustments Dr (Cr)				
	Opening Equity	Income Statement	Balance Sheet		
			Assets	Liabilities	Closing Equity
Carryforwards					
2018 Overtime Payable	\$ 3,218	\$ (3,218)	\$ -	\$ -	\$ -
Subtotal	3,218	(3,218)	-	-	-
Income taxes	-	-	-	-	-
Total	\$ 3,218	\$ (3,218)	\$ -	\$ -	\$ -

Per:  Title: Executive Director Date: April 16, 2020

Big Brothers Big Sisters of Lethbridge and District

622 6 Avenue South
Lethbridge, AB T1J 0Z3

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

I, being the manager of Big Brothers Big Sisters of Lethbridge and District, have reviewed the adjusting journal entries prepared by Avail LLP for the year ended December 31, 2019 and I approve the entries prepared and accept responsibility for them.

Yours truly,

Big Brothers Big Sisters of Lethbridge and District

Per: g v Title: Executive Director Date: April 16, 2020

Big Brothers Big Sisters of Lethbridge and District

Year End: December 31, 2019

Adjusting journal entries

Date: 1/1/2019 To 12/31/2019

Number	Date	Name	Account No	Debit	Credit
AVL1	12/31/2019	Retained Earnings	3800		450.00
AVL1	12/31/2019	House/Office Expenses: Maintenance & Repairs	6510	450.00	
To adjust opening retained earnings to actual.					
AVL2	12/31/2019	Buildings Org Cost: Accumulated Depreciation Bu	1311		1,260.00
AVL2	12/31/2019	Outdoor Sign: Accumulated Depreciation Sign	1316		597.00
AVL2	12/31/2019	Computer Equipment: Accum Depr - Computer E	1321		436.00
AVL2	12/31/2019	Office Equipment Org Cost: Accumulated Deprec	1322		1,400.00
AVL2	12/31/2019	Depreciation expense	6225	3,693.00	
To record current year amortization.					
AVL3	12/31/2019	House/Office Expenses: Maintenance & Repairs	6510	19,507.29	
AVL3	12/31/2019	Prepaid Expenses	1-2200		19,507.29
To reallocate repairs and maintenance to the proper account.					
AVL4	12/31/2019	Deferred Capital Contribution	2256		181,900.00
AVL4	12/31/2019	Prepaid Expenses	1-2200	181,900.00	
To reallocate donations received for building renovation to the proper account.					
AVL5	12/31/2019	Buildings Org Cost	1310	270,568.94	
AVL5	12/31/2019	Prepaid Expenses	1-2200		270,568.94
To reallocate costs attributable to the building.					
AVL6	12/31/2019	Retained Earnings	3800	87,127.00	
AVL6	12/31/2019	Equity: Retain. Earnings -Fixed Assets	3805		87,127.00
To adjust equity invested in capital assets to actual as at December 31, 2019.					
AVL7	12/31/2019	CSV Life Insurance	1330	571.92	
AVL7	12/31/2019	Increase in cash surrender of life insurance	7015		571.92
To record increase in cash surrender value of life insurance.					
AVL8	12/31/2019	Vacation Payable	2495		4,322.65
AVL8	12/31/2019	PAYROLL: Vacation Pay Expense	5526	4,322.65	

5/5/2020
9:50 AM

Prepared by	Reviewed by	Reviewed by

AJE

Big Brothers Big Sisters of Lethbridge and District

Year End: December 31, 2019

Adjusting journal entries

Date: 1/1/2019 To 12/31/2019

Number	Date	Name	Account No	Debit	Credit
To adjust vacation and overtime payable to actual as at December 31, 2019.					
AVL9	12/31/2019	Payroll Liabilities	2100	882.27	
AVL9	12/31/2019	PAYROLL	5500		882.27
To adjust payroll liabilities to actual as at December 31, 2019.					
AVL10	12/31/2019	Deferred Revenue	2258		11,860.37
AVL10	12/31/2019	GAMING - Revenue	4600	11,860.37	
To reallocate unspent casino funds to deferred revenue.					
AVL11	12/31/2019	Deferred Revenue	2258		750.00
AVL11	12/31/2019	GRANTS	4300	750.00	
To adjust deferred revenue to actual as at December 31, 2019.					
AVL12	12/31/2019	Deferred Capital Contribution	2256	381.37	
AVL12	12/31/2019	Amortization of deferred capital contributions	8400		381.37
To record unamortized capital contributions for the fiscal year.					
AVL13	12/31/2019	Deferred Revenue	2258		5,885.95
AVL13	12/31/2019	GRANTS	4300	5,885.95	
To reallocate Scotiabank Thriving Communities Fund to deferred revenue.					
AVL14	12/31/2019	Computer Equipment	1325	1,768.92	
AVL14	12/31/2019	OVERHEAD & ADMIN. COSTS: Office Supplies	6014		1,768.92
To capitalize the purchase of two computers.					
AVL15	12/31/2019	Restricted Cash	1161	90,000.00	
AVL15	12/31/2019	Cash not Available for operatio	1162		90,000.00
AVL15	12/31/2019	Retained Earnings	3800		90,000.00
AVL15	12/31/2019	Equity: Restricted Funds	3810	90,000.00	
To record transfer from internally restricted net assets					
				769,669.68	769,669.68

5/5/2020
9:50 AM

Prepared by	Reviewed by	Reviewed by

AJE-1

Big Brothers Big Sisters of Lethbridge and District

Year End: December 31, 2019

Adjusting journal entries

Date: 1/1/2019 To 12/31/2019

Number	Date	Name	Account No	Debit	Credit
			Net Income (Loss)		41,145.31

Prepared by	Reviewed by	Reviewed by