

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
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**December 31, 2020**

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## 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, 2020, 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, 2020, 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

March 18, 2021

Chartered Professional Accountants

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2020**

	2020	2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 180,526	\$ 281,692
Accounts receivable	51,804	29,439
GST receivable	975	7,292
	233,305	318,423
<b>Restricted cash (note 3)</b>	110,000	110,000
<b>Capital assets (note 4)</b>	584,818	329,836
<b>Cash surrender value of life insurance</b>	10,536	10,002
	\$ 938,659	\$ 768,261
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 12,259	\$ 17,167
Government remittances payable	5,660	6,470
Deferred revenue (note 5)	93,456	31,018
	111,375	54,655
<b>Canada Emergency Business Account (note 6)</b>	30,000	-
<b>Unamortized deferred capital contributions (note 7)</b>	181,855	188,933
	323,230	243,588
<b>Net assets</b>		
Unrestricted	102,467	273,771
Invested in capital assets	402,962	140,902
Internally restricted (note 8)	110,000	110,000
	615,429	524,673
	\$ 938,659	\$ 768,261

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, 2020

	2020	2019
<b>Revenue</b>		
Fundraising (schedule 1)	\$ 166,481	\$ 343,931
Family and Community Support Services	87,800	87,800
Grants, foundations and charities	57,659	25,000
Donations	38,136	39,726
Interest	2,052	3,867
Increase in cash surrender value of life insurance	535	572
	<u>352,663</u>	<u>500,896</u>
<b>Expenses</b>		
Salaries and benefits	242,895	278,263
Office and general	27,194	24,695
Program expenses	13,558	14,392
Insurance	12,035	11,989
Utilities and telephone	9,354	8,487
Membership fees - Big Brothers Big Sisters Canada	8,771	8,769
Professional fees	7,380	7,171
Bookkeeping services	7,133	8,453
Repairs and maintenance	7,021	26,000
Fundraising (schedule 1)	6,585	62,845
Travel and conferences	1,900	5,375
Bad debt	884	-
	<u>344,710</u>	<u>456,439</u>
<b>Excess of revenue over expenses from operations</b>	7,953	44,457
<b>Other revenue</b>		
Government assistance for COVID	91,433	-
<b>Excess (deficiency) of revenue over expenses before expenses (income) relating to capital assets</b>	<u>99,386</u>	<u>44,457</u>
<b>Expenses (income) relating to capital assets</b>		
Amortization of capital contributions	(9,578)	(381)
Amortization	18,208	3,693
	<u>8,630</u>	<u>3,312</u>
<b>Excess of revenue over expenses</b>	<u>\$ 90,756</u>	<u>\$ 41,145</u>

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the year ended December 31, 2020**

	Unrestricted	Invested in capital assets	Internally restricted	Total 2020	Total 2019
<b>Balance, beginning of year</b>	\$ 273,771	\$ 140,902	\$ 110,000	\$ 524,673	\$ 483,528
<b>Excess of revenue over expenses</b>	90,756	-	-	90,756	41,145
<b>Purchase of capital assets</b>	(273,190)	273,190	-	-	-
<b>Capital allocations received</b>	2,500	(2,500)	-	-	-
<b>Amortization</b>	18,208	(18,208)	-	-	-
<b>Amortization of capital contributions</b>	(9,578)	9,578	-	-	-
<b>Balance, end of year</b>	<b>\$ 102,467</b>	<b>\$ 402,962</b>	<b>\$ 110,000</b>	<b>\$ 615,429</b>	<b>\$ 524,673</b>

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2020

	2020	2019
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses	\$ 90,756	\$ 41,145
Adjustments for items which do not affect cash		
Amortization	18,208	3,693
Amortization of capital contributions	(9,578)	(381)
	99,386	44,457
Change in non-cash working capital items		
Accounts receivable	(22,365)	(7,839)
GST	6,317	(5,318)
Accounts payable and accrued liabilities	(4,908)	10,940
Government remittances payable	(810)	729
Deferred revenue	62,438	22,246
	140,058	65,215
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(273,190)	(272,338)
Increase in cash surrender value of life insurance	(534)	(572)
	(273,724)	(272,910)
<b>Cash flows from financing activities</b>		
Proceeds of Canada Emergency Business Account, net of forgivable portion	30,000	-
Unamortized deferred capital contributions	2,500	181,900
	32,500	181,900
<b>Net decrease in cash and cash equivalents</b>	(101,166)	(25,795)
<b>Cash and cash equivalents, beginning of year</b>	391,692	417,487
<b>Cash and cash equivalents, end of year</b>	\$ 290,526	\$ 391,692
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents	\$ 180,526	\$ 281,692
Restricted cash	110,000	110,000
	\$ 290,526	\$ 391,692



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**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**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.

The company has participated in the Canada Emergency Wage Subsidy and Temporary Wage Subsidy programs under the government's COVID-19 economic response plan. The program payment revenue is recorded in the same period as the related wages were earned when the amounts can be reasonably determined.

(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.

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended December 31, 2020

**2. Significant accounting policies, continued**

- (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.
- (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 8.

	2020	2019
Cash	\$ 110,000	\$ 83,439
Guaranteed investment certificate	-	26,561
	\$ 110,000	\$ 110,000

**4. Capital assets**

	2020		2019	
	Cost	Accumulated amortization	Net	Net
Land	\$ 24,800	\$ -	\$ 24,800	\$ 24,800
Buildings	626,171	83,657	542,514	294,500
Signs	8,615	3,783	4,832	5,369
Office equipment	56,580	53,597	2,983	3,268
Computer equipment	16,838	7,149	9,689	1,899
	\$ 733,004	\$ 148,186	\$ 584,818	\$ 329,836

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

**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
Casino	\$ 11,861	\$ -	\$ (11,861)	\$ -
Scotiabank Thriving Communities Fund	5,885	7,673	(7,357)	6,201
Lethbridge Community Foundation	5,022	-	-	5,022
Canadian Western Bank - mentoring	4,500	-	(4,500)	-
United Way of Lethbridge	2,000	23,000	(9,000)	16,000
Golf For Kids Sake 2020	1,750	-	(1,750)	-
FCSS	-	33,033	-	33,033
Youth HQ	-	25,000	-	25,000
Home Depot Orange Door	-	5,000	-	5,000
Bowl For Kids Sake 2021	-	2,000	-	2,000
Golf For Kids Sake 2021	-	1,200	-	1,200
	<b>\$ 31,018</b>	<b>\$ 96,906</b>	<b>\$ (34,468)</b>	<b>\$ 93,456</b>

**6. Canada Emergency Business Account**

	2020	2019
This loan is unsecured and non-interest bearing with no specific terms of repayment until January 2023, at which time the loan will bear interest at 5% and be repayable over three years. The loan is due in full in 2025.	\$ 30,000	\$ -

Total assistance of \$40,000 was received in the year. Repayment of the loan before December 31, 2022 will result in forgiveness of up to \$10,000 (25%). The \$10,000 forgivable portion has been recorded directly into income in the current year.

Subsequent to year-end, the Association accessed an additional \$20,000 that was made available under this program. Half of the \$20,000 is forgivable under the same terms as above, and the remainder is subject to the same repayment terms and interest rate.

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

**7. 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:

	2020	2019
Balance, beginning of year	\$ 188,933	\$ 7,415
Contributions received	2,500	181,899
Amounts recognized	(9,578)	(381)
	<b>\$ 181,855</b>	<b>\$ 188,933</b>

**8. 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.

**9. 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, 2020, the fund balance was \$6,346 (2019 - \$5,884).

**10. 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.

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**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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**11. COVID-19**

The COVID-19 (coronavirus) pandemic has caused significant economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Globally, 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 Association's revenues have declined from the beginning of the pandemic to year-end due to the cancellation of fundraising events. Subsequent to year-end, management anticipates some further fundraising cancellations early in the year before potentially recovering later in the year. The Association has utilized the Canadian Employment Wage Subsidy to maintain the majority of its employees and the Canada Emergency Business Account. The Association is following government guidelines and has developed policies to ensure safety of employees is maintained. Management is not aware of any material impairments that will impact the financial assets or liabilities of the Association due to the pandemic.

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

**12. 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.

**BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT**  
**SCHEDULE TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

Schedule of fundraising	Schedule 1	
	2020	2019
<b>Revenue</b>		
Golf for Kids Sake	\$ 67,890	\$ 127,593
Bowl for Kids Sake	50,771	62,598
BIG Gala	35,960	131,710
Casino	11,860	22,030
	166,481	343,931
<b>Expenses</b>		
Bowl for Kids Sake	5,220	6,888
Other fundraising	675	4,066
BIG Gala	512	31,735
Golf for Kids Sake	178	18,453
Casino	-	1,703
	6,585	62,845
<b>Excess of revenue over expenses</b>	<b>\$ 159,896</b>	<b>\$ 281,086</b>