

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT

FINANCIAL STATEMENTS

For the year ended December 31, 2021

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
TABLE OF CONTENTS
December 31, 2021

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 - 11
SCHEDULE TO THE FINANCIAL STATEMENTS	12

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, 2021, 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, 2021, and the results of its 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 17, 2022



Chartered Professional Accountants


BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	2021	2020
ASSETS		
Current		
Cash and cash equivalents	\$ 219,552	\$ 180,526
Accounts receivable	1,408	51,804
GST receivable	1,246	975
	222,206	233,305
Restricted cash (note 3)	150,000	110,000
Capital assets (note 4)	557,346	584,818
Cash surrender value of life insurance	10,900	10,536
	\$ 940,452	\$ 938,659

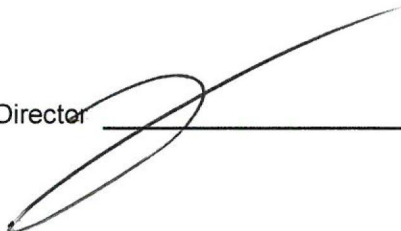
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 16,542	\$ 12,259
Government remittances payable	7,143	5,660
Deferred revenue (note 5)	71,753	93,456
	95,438	111,375
Canada Emergency Business Account (note 6)	40,000	30,000
Unamortized deferred capital contributions (note 7)	172,759	181,855
	308,197	323,230
Net assets		
Unrestricted	97,669	102,467
Invested in capital assets	384,586	402,962
Internally restricted	150,000	110,000
	632,255	615,429
	\$ 940,452	\$ 938,659

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, 2021

	2021	2020
Revenue		
Fundraising (schedule 1)	\$ 132,544	\$ 166,481
Family and Community Support Services	114,226	87,800
Grants, foundations and charities	88,375	57,659
Donations	19,541	38,136
Increase in cash surrender value of life insurance	364	535
Interest	257	2,052
	355,307	352,663
Expenses		
Salaries and benefits	289,429	242,895
Office and general	24,705	27,194
Fundraising (schedule 1)	20,386	6,585
Insurance	15,426	12,035
Repairs and maintenance	15,295	7,021
Program expenses	10,605	13,558
Utilities and telephone	10,423	9,354
Membership fees - Big Brothers Big Sisters Canada	8,238	8,771
Professional fees	7,686	7,380
Bookkeeping services	7,094	7,133
Travel and conferences	1,836	1,900
Bad debt	-	884
	411,123	344,710
(Deficiency) excess of revenue over expenses from operations	(55,816)	7,953
Other revenue		
Government assistance for COVID	95,650	91,433
Excess of revenue over expenses before expenses relating to capital assets	39,834	99,386
Expenses (revenue) relating to capital assets		
Amortization of capital contributions	(9,097)	(9,578)
Amortization	32,105	18,208
	23,008	8,630
Excess of revenue over expenses	\$ 16,826	\$ 90,756

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
For the year ended December 31, 2021

	Unrestricted	Invested in capital assets	Internally restricted	Total 2021	Total 2020
Balance, beginning of year	\$ 102,467	\$ 402,962	\$ 110,000	\$ 615,429	\$ 524,673
Excess of revenue over expenses	16,826	-	-	16,826	90,756
Purchase of capital assets	(4,632)	4,632	-	-	-
Amortization	32,105	(32,105)	-	-	-
Amortization of capital contributions	(9,097)	9,097	-	-	-
Transfer to internally restricted	(40,000)	-	40,000	-	-
Balance, end of year	\$ 97,669	\$ 384,586	\$ 150,000	\$ 632,255	\$ 615,429

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2021

	2021	2020
Cash flows from operating activities		
Excess of revenue over expenses	\$ 16,826	\$ 90,756
Adjustments for items which do not affect cash		
Amortization	32,105	18,208
Amortization of capital contributions	(9,097)	(9,578)
Forgivable portion of Canada Emergency Business Account	(10,000)	(10,000)
	29,834	89,386
Change in non-cash working capital items		
Accounts receivable	50,396	(22,365)
GST	(271)	6,317
Accounts payable and accrued liabilities	4,283	(4,908)
Government remittances payable	1,483	(810)
Deferred revenue	(21,703)	62,438
	64,022	130,058
Cash flows from investing activities		
Purchase of capital assets	(4,632)	(273,190)
Increase in cash surrender value of life insurance	(364)	(534)
	(4,996)	(273,724)
Cash flows from financing activities		
Proceeds of Canada Emergency Business Account,	20,000	40,000
Unamortized deferred capital contributions	-	2,500
	20,000	42,500
Net increase (decrease) in cash and cash equivalents	79,026	(101,166)
Cash and cash equivalents, beginning of year	290,526	391,692
Cash and cash equivalents, end of year	\$ 369,552	\$ 290,526
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 219,552	\$ 180,526
Restricted cash	150,000	110,000
	\$ 369,552	\$ 290,526

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

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

(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 Association has participated in the Canada Emergency Wage Subsidy program 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, 2021

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.

4. **Capital assets**

			2021	2020
	Cost	Accumulated amortization	Net	Net
Land	\$ 24,800	\$ -	\$ 24,800	\$ 24,800
Buildings	626,171	110,783	515,388	542,514
Office equipment	58,771	54,820	3,951	2,983
Computer equipment	19,280	10,422	8,858	9,689
Signs	8,615	4,266	4,349	4,832
	<u>\$ 737,637</u>	<u>\$ 180,291</u>	<u>\$ 557,346</u>	<u>\$ 584,818</u>

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

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
FCSS	\$ 38,055	\$ 23,000	\$ (26,426)	\$ 34,629
Youth HQ	25,000	-	(25,000)	-
United Way of Lethbridge	16,000	-	(16,000)	-
Scotiabank Thriving Communities Fund	6,201	5,512	(6,201)	5,512
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)	-
AGLC Restricted Raffles	-	18,311	(1,352)	16,959
McHappy Day	-	9,903	-	9,903
Canadian Western Bank - mentoring	-	9,500	(4,750)	4,750
	<u>\$ 93,456</u>	<u>\$ 66,226</u>	<u>\$ (87,929)</u>	<u>\$ 71,753</u>

6. **Canada Emergency Business Account**

	2021	2020
This loan is unsecured and non-interest bearing with no specific terms of repayment until January 2024, at which time the loan will bear interest at 5% and be repayable over three years. The loan is due in full in 2026.	\$ 40,000	\$ 30,000

Additional total assistance of \$20,000 was received in the year, for total assistance of \$60,000. Repayment of the loan before December 31, 2023 will result in forgiveness of up to \$20,000. The additional \$10,000 forgivable portion has been recorded directly into revenue in the current year.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

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:

	2021	2020
Balance, beginning of year	\$ 181,855	\$ 188,933
Contributions received	-	2,500
Amounts recognized	(9,096)	(9,578)
	\$ 172,759	\$ 181,855

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, 2021, the fund balance was \$7,053 (2020 - \$6,346).

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.

BIG BROTHERS BIG SISTERS OF LETHBRIDGE AND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2021

11. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remain unclear at this time.

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 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, 2021

Schedule of fundraising	Schedule 1	
	2021	2020
Revenue		
Golf for Kids Sake	\$ 111,080	\$ 67,890
BIG Gala	21,464	35,960
Bowl for Kids Sake	-	50,771
Casino	-	11,860
	132,544	166,481
Expenses		
Golf for Kids Sake	17,816	177
Other fundraising	1,729	675
BIG Gala	841	513
Bowl for Kids Sake	-	5,220
	20,386	6,585
Excess of revenue over expenses	\$ 112,158	\$ 159,896