

**BIG BROTHERS BIG SISTERS  
OF TORONTO**

FINANCIAL STATEMENTS

DECEMBER 31, 2021



## INDEPENDENT AUDITOR'S REPORT

To the Members of Big Brothers Big Sisters of Toronto

### *Qualified Opinion*

We have audited the financial statements of Big Brothers Big Sisters of Toronto ("the Organization"), 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 charitable organizations, the Organization derives part of its revenue from donations and fundraising events, 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 Organization. Therefore, we were unable to determine whether, as at and for the years ended December 31, 2021 and December 31, 2020, any adjustments might be necessary to donations and fundraising event revenue, excess of revenues over expenditures reported in the statements of operations, excess of revenue over expenditures reported in the statements of cash flows and current assets and net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended December 31, 2020.

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 Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

### *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 Organization'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 Organization'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 Organization 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.



Mississauga, Ontario  
June 9, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS



# BIG BROTHERS BIG SISTERS OF TORONTO

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 785,785	\$ 423,703
Accounts receivable	185,095	167,451
Federal government assistance receivable (Note 3)	7,431	192,362
Prepaid expenses	121,447	47,158
Short-term investments	<u>246,968</u>	<u>239,682</u>
	1,346,726	1,070,356
<b>Deposit</b>	-	58,000
<b>Charitable life insurance - cash surrender value</b>	73,186	70,808
<b>Capital assets (Note 4)</b>	147,807	165,503
<b>Investments (Notes 8 &amp; 9)</b>	<u>407,269</u>	<u>414,757</u>
	<u>\$ 1,974,988</u>	<u>\$ 1,779,424</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 94,171	\$ 167,739
Deferred revenue (Note 6)	272,516	155,863
Current portion of long-term debt (Note 7)	<u>11,749</u>	<u>10,900</u>
	378,436	334,502
<b>Long-term debt (Note 7)</b>	33,500	44,957
<b>Deferred lease inducement</b>	<u>58,500</u>	<u>65,250</u>
	<u>470,436</u>	<u>444,709</u>
<b>LEASE COMMITMENTS (Note 13)</b>		
<b>IMPACT OF COVID-19 (Note 14)</b>		
<b>NET ASSETS</b>		
<b>Externally restricted (Note 8)</b>	304,925	313,090
<b>Internally restricted (Note 9)</b>	102,344	101,667
<b>Unrestricted</b>	<u>1,097,283</u>	<u>919,958</u>
	<u>1,504,552</u>	<u>1,334,715</u>
	<u>\$ 1,974,988</u>	<u>\$ 1,779,424</u>

Approved on behalf of the board

Chair 

Treasurer 



# BIG BROTHERS BIG SISTERS OF TORONTO

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>Revenue</b>		
Grants		
United Way of Greater Toronto	\$ 552,377	\$ 455,588
Big Brothers Big Sisters of Canada	232,620	192,880
Government	354,588	365,141
Donations		
Corporate	161,764	299,547
Individual	496,597	591,705
Foundations	115,281	206,231
Federal government assistance (Note 3)	288,532	399,595
Fundraising events and activities (Note 10)	791,443	157,151
Scholarship funding	47,027	57,657
Investment income	3,338	7,235
Other	2,977	5,197
	<u>3,046,544</u>	<u>2,737,927</u>
<b>Expenditures</b>		
Salaries and related benefits	1,848,660	1,717,826
Building occupancy	183,872	192,923
Computer supplies and services	109,871	123,301
Professional/ Consulting	266,722	101,726
Scholarships	56,586	65,166
Fundraising events and activities (Note 10)	113,418	62,989
Program expenses	76,664	57,600
Insurance	55,738	54,677
Office supplies and services	49,426	51,054
Staff development	18,144	21,983
Membership dues	18,475	19,500
Volunteer recruitment and retention	31,027	18,573
Bank charges	16,187	15,437
Amortization	17,696	8,848
Interest on long-term debt	4,221	1,838
Bad debts	10,000	-
	<u>2,876,707</u>	<u>2,513,441</u>
<b>Excess of revenue over expenditures</b>	<u>\$ 169,837</u>	<u>\$ 224,486</u>

See accompanying Notes to the financial statements



# BIG BROTHERS BIG SISTERS OF TORONTO

## STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<i>Externally restricted</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	<i>2021 Total</i>	<i>2020 Total</i>
<b>Net assets, beginning of year</b>	\$ 313,090	\$ 101,667	\$ 919,958	\$ 1,334,715	\$ 1,110,229
Excess (deficiency) of revenue over expenses	<u>(8,165)</u>	<u>677</u>	<u>177,325</u>	<u>169,837</u>	<u>224,486</u>
<b>Balance, ending of year</b>	<u>\$ 304,925</u>	<u>\$ 102,344</u>	<u>\$ 1,097,283</u>	<u>\$ 1,504,552</u>	<u>\$ 1,334,715</u>

See accompanying Notes to the financial statements



# BIG BROTHERS BIG SISTERS OF TORONTO

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures	\$ 169,837	\$ 224,486
Adjustments for items not affecting cash		
Amortization of capital assets	17,696	8,848
Increase in cash surrender value of life insurance	(2,378)	(2,333)
Donation of securities	(52,456)	(100,506)
Unrealized loss on investments	1,260	-
Realized gain on sale of investments	(1,652)	(1,959)
Rent deferral	-	59,371
Amortization of lease inducement	(6,750)	(2,250)
	<u>125,557</u>	<u>185,657</u>
Change in non-cash working capital items		
Accounts receivable	(17,644)	(26,149)
Federal government assistance receivable	184,931	(192,362)
Prepaid expenses	(16,289)	(20,820)
Accounts payable and accrued liabilities	(73,568)	73,606
Deferred revenue	116,653	22,631
	<u>319,640</u>	<u>42,563</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,201,827)	(603,740)
Proceeds from sale of investments	1,254,877	673,977
Purchase of capital assets	-	(164,165)
	<u>53,050</u>	<u>(93,928)</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term debt	(10,608)	(3,514)
Tenant inducement	-	67,500
	<u>(10,608)</u>	<u>63,986</u>
<b>Increase in cash</b>	362,082	12,621
<b>Cash, beginning of year</b>	<u>423,703</u>	<u>411,082</u>
<b>Cash, end of year</b>	<u>\$ 785,785</u>	<u>\$ 423,703</u>

See accompanying Notes to the financial statements



# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 1. DESCRIPTION

Big Brothers Big Sisters of Toronto (the "Organization") is a chartered member of Big Brothers Big Sisters of Canada, recruits, matches and monitors volunteers to children and youth from families living in Toronto in order to positively influence the children's/youths' developmental growth. The Organization is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act. Accordingly, it is exempt from income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the Chartered Professional Accountants of Canada Handbook. Significant accounting policies adopted by the Organization are as follows:

#### (a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in 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.

Government assistance is recognized when there is reasonable assurance that the Organization will comply with the conditions required to qualify for the subsidy, and the subsidy is reasonably assured to be received. The Organization recognizes government assistance as revenue.

#### (b) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided using the straight-line method over the following periods:

Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	over the lease term

#### (c) Lease inducements

Lease inducements are amortized on a straight-line basis over the term of the lease and are recorded as a reduction in building occupancy expense.





# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Financial instruments

The Organization initially measures its financial assets and financial liabilities at amortized cost except for investments that are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets subsequently measured at amortized cost are accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

#### (e) Contributed materials and services

The Organization is dependent on the ongoing support of volunteers, the value of which has not been quantified in these financial statements. In kind contributions with an estimated fair value of \$88,000 (2020 - \$16,000) have not been recognized in the financial statements.

#### (f) 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 at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Accounts specifically affected by estimates in these financial statements are federal government assistance receivable, accounts receivable and accounts payable and accrued liabilities.

### 3. FEDERAL GOVERNMENT ASSISTANCE

During the year, the Organization applied to the Canada Emergency Wage Subsidy ("CEWS"), and the Canada Emergency Rent Subsidy ("CERS") programs to obtain relief from payroll and property costs during the COVID-19 pandemic. All amounts claimed under these programs have been included in federal government assistance on the statement of operations at December 31, 2021.

In the current year \$252,866 (2020 - \$384,355) was claimed under the CEWS program and \$35,666 (2020 - \$15,240) claimed under the CERS program. As at December 31, 2021 \$7,431 is receivable under the CEWS program. As at December 31, 2020 \$177,122 and \$15,240 were included in federal government assistance receivable related to the CEWS and CERS programs respectively.



# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 4. CAPITAL ASSETS

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2021 Net book value</i>	<i>2020 Net book value</i>
Furniture and fixtures	\$ 5,374	\$ 1,612	\$ 3,762	\$ 4,836
Leasehold improvements	168,977	24,932	144,045	160,667
	<u>\$ 174,351</u>	<u>\$ 26,544</u>	<u>\$ 147,807</u>	<u>\$ 165,503</u>

### 5. CREDIT FACILITY

The Organization has a credit facility of \$150,000 available to fund operations. The amount outstanding at December 31, 2021 is \$nil (2020 - \$nil). Any outstanding amount is due on demand and bears interest at the Royal Bank of Canada's prime rate plus 1.3%. The Organization has pledged a general security agreement over all assets as collateral for this facility.

### 6. DEFERRED REVENUE

	2021	2020
Big Brothers Big Sisters of Canada funding	\$ 107,670	\$ 17,626
Government grants	-	71,896
Other grants	138,062	66,341
Program/event donations	26,784	-
	<u>\$ 272,516</u>	<u>\$ 155,863</u>

Unearned revenue reported in the statement of financial position represents restricted operating funding received in the current period that is related to the subsequent period. Changes in unearned revenue are as follows:

	2021	2020
Beginning balance	\$ 155,863	\$ 133,232
Less amount recognized as revenue in the year	(144,952)	(124,106)
Less amount repaid to funder	(1,784)	-
Add amount received related to next year	263,389	146,737
	<u>\$ 272,516</u>	<u>\$ 155,863</u>



# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 7. LONG-TERM DEBT

On June 4, 2020, the Organization entered into a Lease Extension and Amending Agreement for the lease of office space. In accordance with the terms of the agreement the landlord deferred the payment of \$58,500 of rent. The rent obligation plus \$871 of interest was converted into a 5 year term loan. The loan is unsecured.

	2021
Loan bearing interest at 5% with monthly blended payments of \$1,120 and maturing August 31, 2025	\$ 45,249
Less current portion	<u>11,749</u>
Due beyond one year	<u>\$ 33,500</u>

Principal re-payments for the term of the loan are as follows:

	2021
2022	\$ 11,749
2023	12,043
2024	12,659
2025	<u>8,798</u>
	<u>\$ 45,249</u>

During the year interest expense on the above-noted debt amounted to \$2,545 (2020 - \$1,838).

### 8. EXTERNALLY RESTRICTED NET ASSETS

	2021	2020
Estate of William Solomon	<u>\$ 304,925</u>	<u>\$ 313,090</u>

These funds are set up with external commitments and obligations. The funds are not to be used for any other purpose but for their sole purpose as stated below:

The purpose of this fund is to award scholarships to eligible participants of Big Brothers Big Sisters of Toronto programs in pursuing post secondary education. This fund has a principal value of \$250,000 and is not to be encroached upon. The funds have been included in a segregated investment account and form part of the long-term investment balance at December 31, 2021 as these investments are not available for current use beyond the expected scholarship disbursements each year. Interest earned on the investments of the fund are recognized in the fund.



# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

### 9. INTERNALLY RESTRICTED NET ASSETS

	2021	2020
Reserve Fund	<u>\$ 102,344</u>	<u>\$ 101,667</u>

The purpose of this fund is to allow the Organization to meet its critical expense obligations should it experience deficits, as a result of revenue shortfalls. The intent, over time, is for the Organization to build up funds that allows the Organization to cover 6 months of expenses, if required to do so. The funds have been included in a segregated investment account and form part of the long-term investment balance at December 31, 2021. Interest earned on the investments of the fund are recognized in the fund.

Changes to the internally restricted net assets require Board approval.

### 10. SCHEDULE OF FUNDRAISING EVENTS AND ACTIVITIES

	Receipts	Disbursements	2021 Net Proceeds	2020 Net Proceeds
Bowl-for-Kids-Sake	\$ -	\$ -	\$ -	\$ 86,766
Big Night In	524,601	108,992	415,609	(12,190)
Other Agency events	-	-	-	2,955
Third Party Fundraising	241,568	-	241,568	18,572
Big and Little events	-	4,426	(4,426)	(356)
Direct mail	25,274	-	25,274	(1,585)
	<u>\$ 791,443</u>	<u>\$ 113,418</u>	<u>\$ 678,025</u>	<u>\$ 94,162</u>

Receipts and disbursements do not include the value of donated materials and services.

### 11. GUARANTEES

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees are as follows:

(a) The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the Organization agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Indemnity has been provided to all directors and/or officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to association with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Organization. The maximum amount of any potential future payment cannot be reasonably estimated.



# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 11. GUARANTEES, continued

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

### 12. FINANCIAL INSTRUMENTS

#### Financial instrument risk exposure and management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is as follows:

#### General objective, policies and processes

The Board and management are responsible for the determination of the Organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Organization measures and monitors risk through the preparation and review of monthly reports.

It is management's opinion that the Organization is not exposed to any significant foreign currency or credit risk arising from its financial instruments. All of the Organization's cash and investments are held at major Canadian financial institutions.

#### (a) Interest rate risk

The Organization is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate instruments subject the Organization to risk of changes in fair value.

#### (b) Liquidity risk

Liquidity risk is defined as the risk that the Organization may not be able to settle or meet its obligations as they become due. The Organization is exposed to this risk mainly in respect of its long-term debt and its accounts payable. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.



# BIG BROTHERS BIG SISTERS OF TORONTO

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### 13. LEASE COMMITMENTS

The Organization is committed to the following annual lease payments for office space and equipment in the years ended December 31:

2022	\$ 244,000
2023	218,000
2024	218,000
2025	223,000
2026	233,000
Thereafter	<u>854,000</u>
	<u>\$ 1,990,000</u>

### 14. IMPACT OF COVID-19

During the year the global spread of COVID-19 continues to severely impact many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions and have impacted businesses and operations of not-for-profit organizations. Global stock markets have also experienced great volatility.

While governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remain unclear at this time.

The Organization has taken advantage of federal government assistance programs in place as disclosed in note 3. Management and the Board of Directors are carefully monitoring and evaluating the impact. The pandemic could impact future operations through reduced revenues, inability to hold events to generate fundraising support and/or the availability of government funding. At this time it is not practicable to determine the precise impact on the Organization. No adjustments have been made to these financial statements as a result of this uncertainty.

