


BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND
Financial Statements
Year Ended March 31, 2021



HARRIS RYAN



BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND
Index to Financial Statements
Year Ended March 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Revenues and Expenditures	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10
Expenses (<i>Schedule 1</i>)	11

INDEPENDENT AUDITOR'S REPORT

To the Directors of Big Brothers Big Sisters of Eastern Newfoundland

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Eastern Newfoundland (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, revenues and expenditures 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO)

Basis for Qualified Opinion

In common with many charitable organizations, the Organization derives revenue from donations, sponsorship and fundraising activities the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, current assets and net assets.

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 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 audit opinion.

Other Matter

The financial statements for the year ended March 31, 2020 are unaudited.

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 ASNPO, 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.

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Independent Auditor's Report to the Directors of Big Brothers Big Sisters of Eastern Newfoundland
(continued)

Those charged with governance are responsible for overseeing the Organization'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:

- 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.

Maris Ryan Professional Corporation

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND**Statement of Financial Position****March 31, 2021**

	2021	2020
ASSETS		
CURRENT		
Cash	\$ 153,833	\$ 214,066
Short term investments	179,021	-
Accounts receivable	19,332	6,277
Prepaid expenses	11,858	10,688
	\$ 364,044	\$ 231,031
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable, (including government remittances of \$7,487; 2020- \$7,842)	\$ 21,873	\$ 21,312
Deferred revenue	18,500	-
	40,373	21,312
LONG TERM DEBT (Note 5)	30,000	-
	70,373	21,312
NET ASSETS	293,671	209,719
	\$ 364,044	\$ 231,031

ON BEHALF OF THE BOARD_____
*Director*_____
Director

See notes to financial statements

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 209,719	\$ 229,153
EXCESS OF REVENUES OVER EXPENSES	83,952	(19,434)
NET ASSETS - END OF YEAR	\$ 293,671	\$ 209,719

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	2021	2020
REVENUES		
Provincial Grant	\$ 50,000	\$ 49,500
Other sponsorships and grants	171,156	143,567
Donations	103,000	9,109
Fundraising <i>(Note 4)</i>	91,957	244,616
	416,113	446,792
EXPENSES <i>(Schedule 1)</i>	455,621	470,400
DEFICIENCY OF REVENUES OVER EXPENSES FROM OPERATIONS	(39,508)	(23,608)
OTHER INCOME		
Unrealized loss on marketable securities	(686)	-
Interest income	2,943	4,174
Canada Emergency Wage Subsidy, Canada Emergency Benefit account forgiveness, and Canada Emergency Rent Subsidy	121,203	-
	123,460	4,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 83,952	\$ (19,434)

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND**Statement of Cash Flows****Year Ended March 31, 2021**

	2021	2020
OPERATING ACTIVITIES		
excess (deficiency) of revenues over expenses	\$ 83,952	\$ (19,434)
Item not affecting cash:		
Canada Emergency Benefit account forgiveness	(10,000)	-
	73,952	(19,434)
Changes in non-cash working capital:		
Accounts receivable	(13,055)	(1,597)
Accounts payable	561	4,209
Deferred revenue	18,500	(2,222)
Prepaid expenses	(1,170)	3,339
	4,836	3,729
Cash flow from (used by) operating activities	78,788	(15,705)
FINANCING ACTIVITY		
Proceeds from long term financing	40,000	-
INCREASE (DECREASE) IN CASH FLOW	118,788	(15,705)
Cash - beginning of year	214,066	229,771
CASH - END OF YEAR	\$ 332,854	\$ 214,066
CASH CONSISTS OF:		
Cash	\$ 153,833	\$ 214,066
Short term investments	179,021	-
	\$ 332,854	\$ 214,066

See notes to financial statements

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND

Notes to Financial Statements

Year Ended March 31, 2021

1. NATURE OF THE ORGANIZATION

Big Brothers Big Sisters of Eastern Newfoundland was incorporated in May 1975 as a not-for-profit organization. The organization is a registered charity under the Income Tax Act, and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. The purpose of the organization is to enable life-changing mentoring relationships to ignite the potential of young people in Eastern Newfoundland. Big Brothers Big Sisters of Eastern Newfoundland is affiliated with Big Brothers Big Sisters of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNFPO).

Revenue recognition

Big Brothers Big Sisters of Eastern Newfoundland 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.

Government grants are recognized as revenue in the year for which the contribution is granted, when there is reasonable assurance that the organization has complied, and will continue to comply with, all necessary conditions to obtain the assistance. Government assistance received for expenses incurred in the current year is recognized as revenue in the current period.

Capital assets

Capital assets are expensed in the year of acquisition as permitted under Canadian accounting standards for not-for-profit organizations.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Donated goods

The organization receives a substantial amount of volunteer time the value of which is not reflected in these financial statements.

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BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

3. BANK INDEBTEDNESS

The Organization has a revolving line of credit in the amount of \$25,000 which was unutilized at year end. The facility bears interest at prime plus 2.5% and is secured by a general security agreement.

4. FUNDRAISING ACTIVITIES

	Revenue	Expenses	Net
Bowl for kids	\$ 30,444	\$ 1,690	\$ 28,754
Peeler cards	22,934	-	22,934
Big high fiver	26,920	-	26,920
Survivor	8,670	133	8,537
Other fundraising activities	4,870	58	4,812
	<u>\$ 93,838</u>	<u>\$ 1,881</u>	<u>\$ 91,957</u>

5. LONG TERM DEBT

	2021	2020
Canada Emergency Business Account non interest bearing loan. The loan matures on December 31, 2022.	\$ 30,000	\$ -
Amounts payable within one year	-	-
	<u>\$ 30,000</u>	<u>\$ -</u>

On April 9, 2020, the Government of Canada launched the Canada Emergency Benefit Account (CEBA) loan. This loan was intended to support businesses by providing financing for their expenses that could not be avoided or deferred as they take steps to safely navigate a period of shut down. The initial \$40,000 loan is interest free and repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25%. The \$10,000 of forgivable loan has been recognized as income in these financial statements.

Principal repayment terms are approximately:

2023 \$ 30,000

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND

Notes to Financial Statements

Year Ended March 31, 2021

6. CONTRACTUAL OBLIGATIONS

The organization is committed to the following amounts for the lease of office premises to September 30, 2021.

Contractual obligation repayment schedule:

2022	\$ <u>20,400</u>
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7. FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to minimal credit risk from entities.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in mutual funds.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND

Notes to Financial Statements

Year Ended March 31, 2021

8. OTHER EVENTS

In March 2020, The World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread in Canada and around the world.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact of the company's operations as at the date of these financial statements.

BIG BROTHERS BIG SISTERS OF EASTERN NEWFOUNDLAND**Expenses****(Schedule 1)****Year Ended March 31, 2021**

	2021	2020
Salaries and wages	\$ 341,353	\$ 362,382
Rental	43,860	43,860
Insurance	14,552	14,184
Advertising and promotion	11,975	3,303
Memberships	8,744	8,696
Program services	7,680	8,554
Utilities	7,574	7,533
Professional fees	7,138	5,399
Telephone	3,997	3,914
Supplies	3,931	1,158
Interest and bank charges	2,107	2,677
Equipment rentals	861	1,175
Professional development	628	1,781
Postage	614	788
Repairs and maintenance	414	1,410
Travel	193	953
Re-Branding Expenses	-	2,633
	\$ 455,621	\$ 470,400