

BIG BROTHERS BIG SISTERS OF MONCTON INC.

MONCTON, NB

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the board of directors of Big Brothers Big Sisters of Moncton Inc.

Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Moncton Inc., which comprise the statement of financial position as at December 31, 2020 and the statements of income, changes in net assets and cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Moncton Inc. as at December 31, 2020 and its financial performance and its cash flows for the years 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 revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were unable to determine whether any adjustments might be necessary to donations and fundraising, 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 standard are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Big Brothers Big Sisters of Moncton Inc. 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 audit 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 Big Brothers Big Sisters of Moncton Inc. 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 intend to liquidate Big Brothers Big Sisters of Moncton Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Big Brothers Big Sisters of Moncton Inc. 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 risk 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 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 Big Brothers Big Sisters of Moncton Inc.'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 Big Brothers Big Sisters of Moncton inc.'s ability to continue as a going concern. If we concluded 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 Big Brothers Big Sisters of Moncton Inc. 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.

Moncton, N.B.

May 17, 2021

Allain & Associates
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ALLAIN & ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS

BIG BROTHERS BIG SISTERS OF MONCTON INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUES		
Province of New Brunswick Grant	\$ 24,000	\$ 42,389
Federal Government Grant	2,667	-
Municipal Grant	10,000	-
United Way	48,922	50,000
Bowl for Kids' Sake	-	31,149
Other fundraising	32,959	43,082
Donations	122,909	49,684
Interest income	24	-
	<u>241,481</u>	<u>216,304</u>
EXPENSES		
Activities	1,023	3,053
Affiliation dues	4,443	4,818
Board and staff training	1,575	1,580
Depreciation	206	257
Employee benefits	338	962
Insurance	7,497	7,126
Interest and bank charges	1,317	1,596
Office rent	16,450	17,400
Office supplies, postage and printing	4,912	3,025
Professional fees	4,043	5,703
Promotion	1,180	1,361
Raffle prizes and costs	19,766	36,734
Salaries and wages	105,091	94,025
YWCA executive leadership	33,550	37,500
	<u>201,391</u>	<u>215,140</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	40,090	1,164
OTHER INCOME		
Canada Emergency Wages Subsidy	<u>31,805</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 71,895</u>	<u>\$ 1,164</u>

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF MONCTON INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>		<u>2019</u>	
	<u>Invested in</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
	<u>Capital Assets</u>	<u>Fund</u>		
BALANCE, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	\$ 1,029	\$ 38,356	\$ 39,385	\$ 38,221
Excess (deficiency) of revenues over expenses	(206)	72,101	71,895	1,164
FUND BALANCES, END OF YEAR	\$ 823	\$ 110,457	\$ 111,280	\$ 39,385

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF MONCTON INC.

BALANCE SHEET

AS AT DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 117,702	\$ 75,077
Account receivable	19,098	12,500
Due from government agencies	1,068	1,222
	<u>137,868</u>	<u>88,799</u>
Capital assets (Note 3)	<u>823</u>	<u>1,029</u>
	<u>\$ 138,691</u>	<u>\$ 89,828</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,032	\$ 23,443
Deferred revenue	11,379	27,000
	<u>27,411</u>	<u>50,443</u>
NET ASSETS		
Invested in Capital Assets	823	1,029
Unrestricted Fund	110,457	38,356
	<u>111,280</u>	<u>39,385</u>
	<u>\$ 138,691</u>	<u>\$ 89,828</u>

COMMITMENT (Note 4)
SUBSEQUENT EVENT (Note 6)

ON BEHALF OF THE BOARD
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The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF MONCTON INC.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 71,895	\$ 1,164
Items not affecting cash		
Amortization of capital assets	206	257
	<u>72,101</u>	<u>1,421</u>
Net change in non-cash working capital items:		
Accounts receivable	(6,598)	(12,500)
Prepaid expenses	-	2,093
Accounts payable and accrued liabilities	(7,411)	15,703
Deferred revenue	(15,621)	27,000
Due to/from government agencies	154	1,337
	<u>42,625</u>	<u>35,054</u>
Increase (Decrease) in cash	42,625	35,054
Cash, beginning of year	<u>75,077</u>	<u>40,023</u>
Cash, end of year	<u>\$ 117,702</u>	<u>\$ 75,077</u>

The accompanying notes are an integral part of these financial statements.

BIG BROTHERS BIG SISTERS OF MONCTON INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

1. PURPOSE OF THE ORGANIZATION

Big Brothers Big Sisters of Moncton Inc. "the Organization" provides mentoring opportunities to children and youth in the Greater Moncton, NB area. The business is incorporated in 1973 under the Business Corporations Act of New Brunswick as a non-profit organization and is exempt from income tax as a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Organization prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Revenue recognition

The Organization 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. 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.

Contributed services

The Organization would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty in compiling these hours, contributed services are not recognized in the financial statements.

Donated goods

The Organization receives contributions in the form of donated goods. The contributions for donated goods have not been recognized in the financial statements.

Cash and cash equivalents

The Organization's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

BIG BROTHERS BIG SISTERS OF MONCTON INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are accounted for at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is based on their estimated useful life using the declining balance method at the following rates, except in the year of acquisition when one-half of the rate is used:

Furniture & equipment 20%

Amortization expense is reported in the Invested in Capital Assets Fund.

The Organization reviews for impairment of capital assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount of exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Impairment

For financial assets measured at cost or amortized cost, the Association determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

3. CAPITAL ASSETS

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture & equipment	5,489	4,666	823	1,029
	<u>\$ 5,489</u>	<u>\$ 4,666</u>	<u>\$ 823</u>	<u>\$ 1,029</u>

BIG BROTHERS BIG SISTERS OF MONCTON INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

4. COMMITMENTS

The Organization currently leases office equipment under a contract holding a maturity date of November 2021 with quarterly lease payments of \$322. The organization has also entered into an agreement in January 2021 with YWCA Moncton whereby YWCA will provide supervision, financial reporting and administrative support for the operations of the organization within the confines of the YWCA premise. The contract expires in December 2021 and is payable in quarterly installments of \$12,500. This contract can be terminated by either party with 60 days' notice. The minimum payments under all commitments for the next three years are:

Year	2021	\$	51,288
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5. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments, without being exposed to concentration of risk. The main risk are broken down below.

The organization does not use any derivative financial instruments to mitigate these risks.

Credit risk

Credit risks arise from two sources: cash and accounts receivable. Cash is deposited with reputable, major financial institutions to limit the credit risk exposure. The credit risk from counter parties not paying accounts receivable is not considered to be significant. There has been no change to the risk exposures from prior year.

6. SUBSEQUENT EVENT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the organization and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.