



**BIG BROTHERS BIG SISTERS OF GUELPH**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**(with comparative figures for the  
year ended December 31, 2018)**

## CONTENTS

	<b>Page</b>
Independent auditors' report	1 - 2
Statement of financial position	3
Statement of revenue and expenditures	4
Statement of changes in net assets	5
Statement of cash flows	6
Notes to financial statements	7 - 11

**INDEPENDENT AUDITORS' REPORT**

**To the Directors of the Big Brothers Big Sisters of Guelph:**

***Qualified Opinion***

We have audited the accompanying financial statements of the Big Brothers Big Sisters of Guelph, which comprise the statement of financial position as at December 31, 2019, the statement of revenue and expenditures, the statement of changes in net assets, the statement of 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 paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Guelph as at December 31, 2019 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 Qualified for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Big Brothers Big Sisters of Guelph 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.

In common with many not-for-profit organizations, the organization derives part of its revenues from donations and fundraising events, which by their nature, are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenditures, current assets and net assets. Our opinion on the prior year financial statements included the same qualification for completeness of revenue.

***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 Guelph'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 Big Brothers Big Sisters of Guelph 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 Guelph's financial reporting process.

***Auditors' 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 auditors' 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 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 judgement 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 Big Brothers Big Sisters of Guelph'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 Guelph's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Big Brothers Big Sisters of Guelph 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 in our audit.

**Guelph, Ontario**  
**April 15, 2020**



**Tonin & Co. LLP**  
**Chartered Professional Accountants**  
**Licensed Public Accountants**

**BIG BROTHERS BIG SISTERS OF GUELPH**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Bank - unrestricted	\$ 145,794	\$ 141,902
Short-term investments - contingency fund (notes 3 and 5)	85,304	76,011
Short-term investment - bequest fund (notes 3 and 5)	320,056	256,039
HST and accounts receivable	8,385	30,357
Prepaid expenses	<u>5,190</u>	<u>21,802</u>
	564,729	526,111
<b>LONG-TERM INVESTMENTS - CONTINGENCY FUND</b> (note 3)	81,783	-
<b>CAPITAL</b> (note 4)	<u>5,256</u>	<u>4,729</u>
	<u><u>\$ 651,768</u></u>	<u><u>\$ 530,840</u></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 18,117	\$ 12,219
Government remittances payable	10,191	8,530
Deferred revenue (note 6)	<u>35,388</u>	<u>31,722</u>
	<u>63,696</u>	<u>52,471</u>
<b>NET ASSETS</b>		
<b>GENERAL FUND</b> (unrestricted) (note 2)	100,929	146,319
<b>CONTINGENCY FUND</b> (internally restricted) (note 2)	167,087	76,011
<b>BEQUEST FUND</b> (internally restricted) (note 2)	<u>320,056</u>	<u>256,039</u>
	<u>588,072</u>	<u>478,369</u>
	<u><u>\$ 651,768</u></u>	<u><u>\$ 530,840</u></u>

**APPROVED ON BEHALF OF THE BOARD:**

**DIRECTOR:** \_\_\_\_\_

**DIRECTOR:** \_\_\_\_\_

**(See accompanying notes to financial statements)**

**BIG BROTHERS BIG SISTERS OF GUELPH**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
Fundraising (note 7)	\$ 401,663	\$ 354,468
Grants (note 8)	328,849	297,242
Donations	24,302	20,828
Interest	<u>-</u>	<u>126</u>
	<u>754,814</u>	<u>672,664</u>
<b>EXPENDITURES</b>		
<b>PROGRAM</b>		
Salaries, wages and benefits	377,563	301,705
Rent and building maintenance	45,196	44,630
Insurance	17,857	17,332
Mentoring program expenses	14,296	11,976
Membership fees and dues	12,981	13,391
Recognition and promotion	11,797	7,286
Travel and development	7,805	8,285
Office	<u>7,527</u>	<u>6,997</u>
	<u>495,022</u>	<u>411,602</u>
<b>FUNDRAISING</b>		
Salaries, wages and benefits	75,935	62,543
Events (note 7)	67,927	67,492
Credit card processing	<u>5,194</u>	<u>5,257</u>
	<u>149,056</u>	<u>135,292</u>
<b>ADMINISTRATION</b>		
Salaries, wages and benefits	63,598	55,334
Office	9,380	7,906
Amortization	1,966	1,135
Bank charges	<u>1,182</u>	<u>1,137</u>
	<u>76,126</u>	<u>65,512</u>
<b>TOTAL EXPENDITURES</b>	<u>720,204</u>	<u>612,406</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	34,610	60,258
<b>OTHER REVENUES</b>		
Bequest received (note 3)	-	253,313
Unrealized appreciation in value of investments - contingency fund (notes 3 and 5)	9,167	10,933
Unrealized appreciation in value of investments - bequest fund (notes 3 and 5)	64,017	-
Interest revenue - bequest fund (note 3)	-	1,074
Interest earned on contingency fund GICs (note 3)	<u>1,909</u>	<u>-</u>
	<u>75,093</u>	<u>265,320</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	<u>\$ 109,703</u>	<u>\$ 325,578</u>

(See accompanying notes to financial statements)

**BIG BROTHERS BIG SISTERS OF GUELPH**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>GENERAL FUND</b> <i>Unrestricted</i>	<b>CONTINGENCY FUND</b> <i>Internally Restricted</i>	<b>BEQUEST FUND</b> <i>Internally Restricted</i>	<b>2019</b>	<b>2018</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 146,319	\$ 76,011	\$ 256,039	\$ 478,369	\$ 152,791
Excess of revenues over expenditures	34,610	11,076	64,017	109,703	325,578
Interfund transfers (note 2(f))	(80,000)	80,000	-	-	-
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 100,929</b>	<b>\$ 167,087</b>	<b>\$ 320,056</b>	<b>\$ 588,072</b>	<b>\$ 478,369</b>

(See accompanying notes to financial statements)

**BIG BROTHERS BIG SISTERS OF GUELPH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures for the year	\$ 109,703	\$ 325,578
Adjustments for non-cash items:		
Amortization	1,966	1,135
Unrealized appreciation in value of investments - contingency fund	(9,167)	(9,281)
Unrealized appreciation in value of investments - bequest fund	<u>(64,017)</u>	<u>(1,652)</u>
	38,485	315,780
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Decrease (increase) in accounts receivable	21,972	(22,689)
Decrease (increase) in prepaid expenses	16,613	(16,874)
Increase in accounts payable	5,900	641
Increase (decrease) in government remittances payable	1,660	(1,551)
Increase in deferred income	<u>3,666</u>	<u>7,124</u>
Cash from operating activities	<u>88,296</u>	<u>282,431</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of capital assets	(2,495)	(5,064)
(Purchase) redemption of long-term investments - contingency fund	(80,000)	5,000
Purchase of short-term investments - bequest funds	-	(254,386)
Reinvested interest earned on contingency fund GICs	<u>(1,909)</u>	<u>(126)</u>
Cash used in investing activities	<u>(84,404)</u>	<u>(254,576)</u>
<b>INCREASE IN CASH FOR THE YEAR</b>	3,892	27,855
<b>CASH</b> , beginning of the year	<u>141,902</u>	<u>114,047</u>
<b>CASH</b> , end of the year represented by bank - unrestricted	<u>\$ 145,794</u>	<u>\$ 141,902</u>

(See accompanying notes to financial statements)



**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2019**

**1. PURPOSE OF THE ORGANIZATION**

Big Brothers Big Sisters of Guelph is a registered charity, incorporated without share capital, whose purpose is to provide comprehensive, preventative mentoring programs, training and support that responds to the needs of young individuals and their families in Guelph, Ontario. The Organization is exempt from tax under section 149(1)(f) of the Income Tax Act.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and reflect the following policies:

(a) Basis of preparation

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

(b) 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 received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances.

(d) Investments

Short-term investments, which consist of units of Skyline Apartment REIT, Skyline Commercial REIT, and Skyline Retail REIT, as well as commercial paper with original maturities at a date purchase beyond three months and less than twelve months, are carried at their fair market value. Unrealized changes in value of the Skyline REIT investments are recorded through the statement of revenues and expenditures on an annual basis.

(e) Capital assets and amortization

Capital assets are recorded at cost or deemed cost less accumulated amortization. Capital assets are amortized over their useful life on a declining balance basis at the following annual rates:

Computer equipment	- 3 years on a straight-line basis
Office equipment	- 10 years on a straight-line basis

The organization regularly reviews its capital assets to eliminate obsolete items.

(f) Net assets

Revenues and expenses related to program delivery and administrative activities are reported in the General Fund.

The Contingency Fund reports only internally restricted resources that are to be used in the event of financial hardship and unforeseen emergencies.

The Bequest Fund reports an internally restricted bequest received in 2018. Use of these funds is to be approved by the board on an as needed basis to support the salary of a caseworker that would otherwise be beyond the organization's budget restrictions.

**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(g) Pledges

Pledges to donate funds to the organization are not included in revenue until such time as the funds are received.

(h) Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

(i) Use of estimates

The preparation of these 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 materially differ from these estimates. Amounts subject to estimates include unrealized appreciation in the value of investments and the fair market value of investments, amortization and accruals for wages and other costs.

(j) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, short and long-term investments 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.

**3. INVESTMENTS**

Short-term investments - contingency fund consists of a one-year GIC of \$10,253 (2018 - \$10,126) with an interest rate of prime less 2.7% and investments in an Apartment REIT with the Skyline Group of Companies. The initial investment was \$50,003. As at December 31, 2019 the organization's carrying value of this investment is \$75,051 (2018 - \$65,884) which includes an unrealized appreciation in the value of the holdings based solely on Skyline management's unaudited estimates of fair value.

	<b>2019</b>	<b>2018</b>
Original Cost of Investment	\$ 50,003	\$ 50,003
Unrealized Appreciation in Value	<u>25,048</u>	<u>15,881</u>
Total Carrying Value	<u>\$ 75,051</u>	<u>\$ 65,884</u>

Short-term investments - bequest fund consists of a bequest the organization received in 2018 in the amount of \$253,313. The funds were initially invested in a GIC and earned \$1,074 of interest during 2018. Subsequently, the funds were invested in Commercial and Retail REITs with the Skyline Group of Companies. The initial investments were \$127,193 in each of the Commercial and Apartment REITs. As at December 31, 2019, the organization's carrying value of these investments is \$320,056 (2018 - \$256,039) which includes an unrealized appreciation in the value of the holdings based solely on Skyline management's unaudited estimates of fair value.

**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2019**

**3. INVESTMENTS - continued**

	<b>2019</b>	<b>2018</b>
Original Cost of Investment	\$ 254,386	\$ 254,386
Unrealized Appreciation in Value	<u>65,670</u>	<u>1,653</u>
Total Carrying Value	<u>\$ 320,056</u>	<u>\$ 256,039</u>

Long-term investments - contingency fund consists of four GICs with an initial investment of \$80,000. As at December 31, 2019 the fair value of this investment is \$81,783 (2018 - \$-) bearing interest rates ranging from 2.55% - 2.80% with maturity dates between March 1, 2021 and February 28, 2024.

**4. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2019 Net Book Value</b>	<b>2018 Net Book Value</b>
Computer equipment	\$ 4,674	\$ 2,685	\$ 1,989	\$ 1,053
Office equipment	<u>4,084</u>	<u>817</u>	<u>3,267</u>	<u>3,676</u>
	<u>\$ 8,758</u>	<u>\$ 3,502</u>	<u>\$ 5,256</u>	<u>\$ 4,729</u>

**5. RELATED PARTY TRANSACTIONS**

The organization holds investments in units of Apartment, Commercial and Retail REITs with the Skyline Group of Companies. During the fiscal year, three of the organization's directors were employed by the Skyline Group of Companies. As at year-end, two of the directors are employed by the Skyline Group of Companies.

**6. DEFERRED REVENUE**

Deferred revenue consists of sponsorship and grants for fundraising events and programs to be held subsequent to year end.

	<b>2019</b>	<b>2018</b>
Deferred revenue - opening balance	\$ 31,722	\$ 24,598
Less: amount recognized as revenue in the year	(31,722)	(24,598)
Add: amount received related to grants	25,246	13,222
Add: amount received related to Dinner, Dance and Auction	3,725	11,500
Add: amount received related to Corporate Partnership Plan	6,000	6,000
Add: amount received related to donations	<u>417</u>	<u>1,000</u>
	<u>\$ 35,388</u>	<u>\$ 31,722</u>

**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2019**

**7. FUNDRAISING REVENUE**

	<b>Gross Revenue</b>	<b>Expenses</b>	<b>2019, net</b>	<b>2018, net</b>
Third Party Fundraising	\$ 88,747	\$ 2,903	\$ 85,844	\$ 61,668
Bowl for Kids' Sake	76,776	7,689	69,087	72,451
Dinner, Dance and Auction	73,409	24,576	48,833	48,577
Corporate Partnership Plan	47,000	9,777	37,223	31,950
Golf Fore Kids' Sake	44,018	9,788	34,230	29,798
Little Change for Big Change	25,464	1,762	23,702	17,558
Big Little Run	17,754	5,751	12,003	12,776
Food Truck Picnic	11,200	3,574	7,626	6,783
New Event Fundraising	6,271	2,014	4,257	-
Flowthrough Funding	4,831	-	4,831	-
12 Days of Giving	4,174	-	4,174	4,267
Direct Mail Campaign	<u>2,019</u>	<u>93</u>	<u>1,926</u>	<u>1,148</u>
	<u>\$ 401,663</u>	<u>\$ 67,927</u>	<u>\$ 333,736</u>	<u>\$ 286,976</u>

**8. GRANT REVENUE**

	<b>2019</b>	<b>2018</b>
Government and Foundations	\$ 167,373	\$ 170,923
United Way Funding	112,498	114,482
Trillium Grant	36,141	-
Ministry of Community and Social Services	6,837	6,837
City of Guelph	<u>6,000</u>	<u>5,000</u>
	<u>\$ 328,849</u>	<u>\$ 297,242</u>

**9. LEASE COMMITMENTS**

The organization leases premises under a long-term lease that expires December 31, 2024. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at year end are as follows:

2020	\$ 49,158
2021	50,288
2022	51,445
2023	52,628
2024	<u>53,839</u>
	<u>\$ 257,358</u>

## **BIG BROTHERS BIG SISTERS OF GUELPH**

### **NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2019**

#### **10. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2019.

##### ***Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from donors. The organization has a significant number of donors which minimizes concentration of credit risk.

##### ***Liquidity risk***

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, and accounts payable.

##### ***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 through its GICs.

##### ***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.

##### ***Other price risk***

Other price risk is the risk that the fair market value of financial instruments or future cash flows will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The organization is exposed to other price risk due to its investments in Apartment, Commercial, and Retail REITs. The organization's principal investment in the REITs is secured and therefore its exposure to risk is limited to the unrealized appreciation on the REIT investments.

##### ***Changes in risk***

There have been no significant changes in the organization's risk exposures from the prior year.

#### **11. SUBSEQUENT EVENTS**

Subsequent to year-end, a worldwide pandemic known as COVID-19 occurred. While the financial impact of the pandemic on the Organization is unknown, it is management's opinion that the Organization has sufficient financial resources to continue as a going concern for a minimum of the next twelve months.