



**BIG BROTHERS BIG SISTERS OF GUELPH**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**(with comparative figures for the  
year ended December 31, 2019)**

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**INDEPENDENT AUDITOR'S 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, 2020, 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, 2020 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 Auditor's 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.

***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 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 auditor's 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 auditor's 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 28, 2021**



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

**BIG BROTHERS BIG SISTERS OF GUELPH**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2020**

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
| <b>ASSETS</b>   |                   |                   |
| <b>CURRENT</b>  |                   |                   |
| Bank - unrestricted                                       | \$ 323,266        | \$ 145,794        |
| Short-term investments - contingency fund (notes 3 and 5) | 125,861           | 85,304            |
| Short-term investment - bequest fund (notes 3 and 5)      | 338,068           | 320,056           |
| HST, accounts receivable and subsidy receivable           | 56,576            | 8,385             |
| Prepaid expenses  | <u>5,532</u>      | <u>5,190</u>      |
|   | 849,303           | 564,729           |
| <b>LONG-TERM INVESTMENTS - CONTINGENCY FUND</b> (note 3)  | 63,070            | 81,783            |
| <b>CAPITAL</b> (note 4)                                   | <u>6,923</u>      | <u>5,256</u>      |
|   | <u>\$ 919,296</u> | <u>\$ 651,768</u> |
| <b>LIABILITIES</b>  |                   |                   |
| <b>CURRENT</b>  |                   |                   |
| Accounts payable and accrued liabilities                  | \$ 22,812         | \$ 18,117         |
| Government remittances payable                            | 10,084            | 10,191            |
| Deferred revenue (note 6)                                 | <u>45,191</u>     | <u>35,388</u>     |
|   | 78,087            | 63,696            |
| <b>CANADA EMERGENCY BUSINESS ACCOUNT</b> (note 7)         | <u>40,000</u>     | <u>-</u>          |
|   | <u>118,087</u>    | <u>63,696</u>     |
| <b>NET ASSETS</b>   |                   |                   |
| <b>GENERAL FUND</b> (unrestricted) (note 2)               | 274,210           | 100,929           |
| <b>CONTINGENCY FUND</b> (internally restricted) (note 2)  | 188,931           | 167,087           |
| <b>BEQUEST FUND</b> (internally restricted) (note 2)      | <u>338,068</u>    | <u>320,056</u>    |
|   | <u>801,209</u>    | <u>588,072</u>    |
|   | <u>\$ 919,296</u> | <u>\$ 651,768</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, 2020**

|  | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| <b>REVENUES</b>  |                   |                   |
| Fundraising (note 8)   | \$ 278,419        | \$ 401,663        |
| Grants (note 9)  | 361,729           | 328,849           |
| Donations  | <u>27,178</u>     | <u>24,302</u>     |
|  | <u>667,326</u>    | <u>754,814</u>    |
| <b>EXPENDITURES</b>  |                   |                   |
| <b>PROGRAM</b>   |                   |                   |
| Salaries, wages and benefits   | 425,661           | 377,563           |
| Rent and building maintenance  | 47,423            | 45,196            |
| Insurance  | 18,294            | 17,857            |
| Mentoring program expenses   | 17,144            | 14,296            |
| Membership fees and dues   | 14,625            | 12,981            |
| Recognition and promotion  | 7,003             | 11,797            |
| Travel and development   | 4,533             | 7,805             |
| Office   | <u>7,568</u>      | <u>7,527</u>      |
|  | <u>542,251</u>    | <u>495,022</u>    |
| <b>FUNDRAISING</b>   |                   |                   |
| Salaries, wages and benefits   | 44,383            | 75,935            |
| Events (note 8)  | 53,522            | 67,927            |
| Credit card processing   | <u>4,428</u>      | <u>5,194</u>      |
|  | <u>102,333</u>    | <u>149,056</u>    |
| <b>ADMINISTRATION</b>  |                   |                   |
| Salaries, wages and benefits   | 68,317            | 63,598            |
| Office   | 9,858             | 9,380             |
| Amortization   | 3,183             | 1,966             |
| Bank charges   | <u>848</u>        | <u>1,182</u>      |
|  | <u>82,206</u>     | <u>76,126</u>     |
| <b>TOTAL EXPENDITURES</b>  | <u>726,790</u>    | <u>720,204</u>    |
| <b>EXCESS OF (EXPENDITURES OVER REVENUES) REVENUES OVER EXPENDITURES FROM OPERATIONS</b> | (59,464)          | 34,610            |
| <b>OTHER REVENUES</b>  |                   |                   |
| Canada emergency wage subsidy  | 227,004           | -                 |
| Unrealized appreciation in value of investments - contingency fund (notes 3 and 5)       | 19,540            | 9,167             |
| Unrealized appreciation in value of investments - bequest fund (notes 3 and 5)           | 18,012            | 64,017            |
| Interest earned on contingency fund and bequest fund (notes 3 and 5)                     | 5,741             | -                 |
| Interest earned on contingency fund GICs (note 3)  | <u>2,304</u>      | <u>1,909</u>      |
|  | <u>272,601</u>    | <u>75,093</u>     |
| <b>EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>                                 | <u>\$ 213,137</u> | <u>\$ 109,703</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, 2020**

|                                      | <b>GENERAL FUND</b><br><i>Unrestricted</i> | <b>CONTINGENCY FUND</b><br><i>Internally Restricted</i> | <b>BEQUEST FUND</b><br><i>Internally Restricted</i> | <b>2020</b>       | <b>2019</b>       |
|--------------------------------------|--|---|---|-------------------|-------------------|
| <b>NET ASSETS, BEGINNING OF YEAR</b> | \$ 100,929                                 | \$ 167,087  | \$ 320,056  | \$ 588,072        | \$ 478,369        |
| Excess of revenues over expenditures | 173,281                                    | 21,844  | 18,012  | 213,137           | 109,703           |
| <b>NET ASSETS, END OF YEAR</b>       | <b>\$ 274,210</b>                          | <b>\$ 188,931</b>                                       | <b>\$ 338,068</b>                                   | <b>\$ 801,209</b> | <b>\$ 588,072</b> |

(See accompanying notes to financial statements)

**BIG BROTHERS BIG SISTERS OF GUELPH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

|  | <b>2020</b>       | <b>2019</b>       |
|--|-------------------|-------------------|
| <b>OPERATING ACTIVITIES</b>  |                   |                   |
| Excess of revenues over expenditures for the year                      | \$ 213,137        | \$ 109,703        |
| Adjustments for non-cash items:  |                   |                   |
| Amortization   | 3,183             | 1,966             |
| Unrealized appreciation in value of investments - contingency fund     | (19,540)          | (9,167)           |
| Unrealized appreciation in value of investments - bequest fund         | <u>(18,012)</u>   | <u>(64,017)</u>   |
|  | 178,768           | 38,485            |
| <b>CHANGES IN NON-CASH WORKING CAPITAL</b>                             |                   |                   |
| (Increase) decrease in HST, accounts receivable and subsidy receivable | (48,191)          | 21,972            |
| (Decrease) increase in prepaid expenses                                | (342)             | 16,613            |
| Increase in accounts payable   | 4,695             | 5,900             |
| (Decrease) increase in government remittances payable                  | (107)             | 1,660             |
| Increase in deferred income  | <u>9,803</u>      | <u>3,666</u>      |
| Cash from operating activities   | <u>144,626</u>    | <u>88,296</u>     |
| <b>FINANCING ACTIVITIES</b>  |                   |                   |
| Advances from loan payable   | <u>40,000</u>     | <u>-</u>          |
| Cash from financing activities   | <u>40,000</u>     | <u>-</u>          |
| <b>INVESTING ACTIVITIES</b>  |                   |                   |
| Purchases of capital assets  | (4,849)           | (2,495)           |
| Purchase of long-term investments - contingency fund                   | -                 | (80,000)          |
| Reinvested interest earned on contingency fund GICs                    | <u>(2,305)</u>    | <u>(1,909)</u>    |
| Cash used in investing activities                                      | <u>(7,154)</u>    | <u>(84,404)</u>   |
| <b>INCREASE IN CASH FOR THE YEAR</b>                                   | 177,472           | 3,892             |
| <b>CASH</b> , beginning of the year                                    | <u>145,794</u>    | <u>141,902</u>    |
| <b>CASH</b> , end of the year represented by bank - unrestricted       | <u>\$ 323,266</u> | <u>\$ 145,794</u> |

(See accompanying notes to financial statements)



**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2020**

**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 (ASNFPFO).

(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, 2020**

**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 \$10,310 (2019 - \$10,253) with an interest rate of prime less 2.3%, a two-year GIC of \$20,960 (2019 - \$20,461) with an interest rate of 2.55%, and investments in an Apartment REIT with the Skyline Group of Companies. The initial investment was \$50,003. As at December 31, 2020 the organization's carrying value of this investment is \$94,591 (2019 - \$75,051) which includes an unrealized appreciation in the value of the holdings based solely on Skyline management's unaudited estimates of fair value.

|                                  | <b>2020</b>      | <b>2019</b>      |
|----------------------------------|------------------|------------------|
| Original Cost of Investment      | \$ 50,003        | \$ 50,003        |
| Unrealized Appreciation in Value | <u>44,588</u>    | <u>25,048</u>    |
| Total Carrying Value             | <u>\$ 94,591</u> | <u>\$ 75,051</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, 2020, the organization's carrying value of these investments is \$338,068 (2018 - \$320,056) 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, 2020**

**3. INVESTMENTS - continued**

|                                  | <b>2020</b>       | <b>2019</b>       |
|----------------------------------|-------------------|-------------------|
| Original Cost of Investment      | \$ 254,386        | \$ 254,386        |
| Unrealized Appreciation in Value | <u>83,682</u>     | <u>65,670</u>     |
| Total Carrying Value             | <u>\$ 338,068</u> | <u>\$ 320,056</u> |

Long-term investments - contingency fund consists of four GICs with an initial investment of \$80,000. As at December 31, 2020 the fair value of this investment is \$63,070 (2019 - \$81,783) bearing interest rates ranging from 2.65% - 2.80% with maturity dates between February 28, 2022 and February 28, 2024.

**4. CAPITAL ASSETS**

|                    | <b>Cost</b>      | <b>Accumulated<br/>Amortization</b> | <b>2020<br/>Net<br/>Book Value</b> | <b>2019<br/>Net<br/>Book Value</b> |
|--------------------|------------------|-------------------------------------|------------------------------------|------------------------------------|
| Computer equipment | \$ 9,523         | \$ 5,459                            | \$ 4,064                           | \$ 1,989                           |
| Office equipment   | <u>4,084</u>     | <u>1,225</u>                        | <u>2,859</u>                       | <u>3,267</u>                       |
|                    | <u>\$ 13,607</u> | <u>\$ 6,684</u>                     | <u>\$ 6,923</u>                    | <u>\$ 5,256</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 and as at year-end, two of the organization's directors were 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>2020</b>      | <b>2019</b>      |
|--|------------------|------------------|
| Deferred revenue - opening balance                         | \$ 35,388        | \$ 31,722        |
| Less: amount recognized as revenue in the year             | (35,388)         | (31,722)         |
| Add: amount received related to grants                     | 30,291           | 25,246           |
| Add: amount received related to Dinner, Dance and Auction  | -                | 3,725            |
| Add: amount received related to Corporate Partnership Plan | 10,000           | 6,000            |
| Add: amount received related to donations                  | -                | 417              |
| Add: amount received related to scholarships               | <u>4,900</u>     | <u>-</u>         |
|  | <u>\$ 45,191</u> | <u>\$ 35,388</u> |

**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2020**

**7. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN**

The organization applied for and received the \$40,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to organizations to assist with operating costs during the COVID-19 pandemic. The loan is unsecured.

The loan is interest free with no principal payments to December 31, 2022, if the loan is repaid by this time, \$10,000 (25%) of the loan will be forgiven. If the loan is not paid back by December 31, 2022 the full \$40,000 loan will be converted to loan repayable over three years with a 5% interest rate.

**8. FUNDRAISING REVENUE**

|                              | <b>Gross Revenue</b> | <b>Expenses</b>  | <b>2020, net</b>  | <b>2019, net</b>  |
|------------------------------|----------------------|------------------|-------------------|-------------------|
| Dinner, Dance and Auction    | \$ 74,655            | \$ 27,301        | \$ 47,354         | \$ 48,833         |
| Corporate Partnership Plan   | 39,000               | 9,266            | 29,734            | 37,223            |
| Third Party Fundraising      | 35,400               | 102              | 35,298            | 85,844            |
| Golf Fore Kids' Sake         | 34,723               | 10,784           | 23,939            | 34,230            |
| Little Change for Big Change | 32,734               | 853              | 31,881            | 23,702            |
| Bowl for Kids' Sake          | 28,872               | 1,930            | 26,942            | 69,087            |
| Big Little Run               | 15,518               | 2,152            | 13,366            | 12,003            |
| 12 Days of Giving            | 7,476                | -                | 7,476             | 4,174             |
| Flowthrough Funding          | 5,155                | -                | 5,155             | 4,831             |
| New Event Fundraising        | 2,107                | 1,088            | 1,019             | 4,257             |
| Direct Mail Campaign         | 1,779                | -                | 1,779             | 1,926             |
| Food Truck Picnic            | <u>1,000</u>         | <u>46</u>        | <u>954</u>        | <u>7,626</u>      |
|                              | <u>\$ 278,419</u>    | <u>\$ 53,522</u> | <u>\$ 224,897</u> | <u>\$ 333,736</u> |

**9. GRANT REVENUE**

|   | <b>2020</b>       | <b>2019</b>       |
|---|-------------------|-------------------|
| Government and Foundations                          | \$ 146,890        | \$ 154,214        |
| United Way Funding                                  | 119,979           | 112,498           |
| Trillium Grant                                      | 52,400            | 36,141            |
| Canada Summer Jobs                                  | 25,626            | 13,159            |
| Ministry of Children, Community and Social Services | 6,834             | 6,837             |
| City of Guelph                                      | <u>10,000</u>     | <u>6,000</u>      |
|   | <u>\$ 361,729</u> | <u>\$ 328,849</u> |

# BIG BROTHERS BIG SISTERS OF GUELPH

## NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2020

### 10. 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:

|      |    |                |
|------|----|----------------|
| 2021 | \$ | 50,288         |
| 2022 |    | 51,445         |
| 2023 |    | 52,628         |
| 2024 |    | <u>53,839</u>  |
|      | \$ | <u>208,200</u> |

### 11. 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, 2020.

#### ***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.

**BIG BROTHERS BIG SISTERS OF GUELPH**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2020**

**12. IMPACT OF COVID-19**

The ongoing COVID-19 pandemic has had an impact on global economic activity. As a result, Big Brothers Big Sisters of Guelph had to scale back on events for the 2020 fiscal year and received government subsidies for wage expenses during periods throughout the year where revenues were impacted. The resulting impact on the organization is largely dependant on future events, such as duration and extent of federal and provincial lockdown measures, operational disruptions and the effectiveness of actions to contain and treat the virus. These events are highly uncertain and the future financial impact on Big Brothers Big Sisters of Guelph cannot be determined at this time.