



BIG BROTHERS BIG SISTERS OF GUELPH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

**(with comparative figures for the
year ended December 31, 2021)**

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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, 2022, the statement of revenues 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, 2022 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 25, 2023



Tonin & Co. LLP
Chartered Professional Accountants
Licensed Public Accountants

BIG BROTHERS BIG SISTERS OF GUELPH

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
ASSETS		
CURRENT		
Bank - unrestricted	\$ 232,443	\$ 305,329
Short-term investments - contingency fund (notes 3 and 5)	258,723	278,591
Short-term investment - bequest fund (notes 3 and 5)	536,764	435,601
HST, accounts receivable and subsidy receivable	10,074	56,899
Prepaid expenses	<u>7,161</u>	<u>4,428</u>
	1,045,165	1,080,848
LONG-TERM INVESTMENTS - CONTINGENCY FUND (note 3)	165,595	120,885
CAPITAL (note 4)	<u>5,481</u>	<u>7,818</u>
	<u><u>\$ 1,216,241</u></u>	<u><u>\$ 1,209,551</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 29,576	\$ 25,657
Government remittances payable	10,635	10,451
Deferred revenue (note 6)	<u>63,592</u>	<u>64,323</u>
	103,803	100,431
CANADA EMERGENCY BUSINESS ACCOUNT (note 7)	<u>40,000</u>	<u>40,000</u>
	<u>143,803</u>	<u>140,431</u>
NET ASSETS		
GENERAL FUND (unrestricted) (note 2)	111,356	234,043
CONTINGENCY FUND (internally restricted) (note 2)	424,318	399,476
BEQUEST FUND (internally restricted) (note 2)	<u>536,764</u>	<u>435,601</u>
	<u>1,072,438</u>	<u>1,069,120</u>
	<u><u>\$ 1,216,241</u></u>	<u><u>\$ 1,209,551</u></u>

APPROVED ON BEHALF OF THE BOARD:

DIRECTOR: M. Stull

DIRECTOR: A. Morcio

(See accompanying notes to financial statements)

BIG BROTHERS BIG SISTERS OF GUELPH
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
REVENUES		
Fundraising (note 8)	\$ 293,624	\$ 303,947
Grants (note 9)	313,286	394,379
Donations	<u>24,972</u>	<u>23,939</u>
	<u>631,882</u>	<u>722,265</u>
EXPENDITURES		
PROGRAM		
Salaries, wages and benefits	444,610	453,794
Rent and building maintenance (note 10)	49,044	48,652
Insurance	25,958	21,018
Membership fees and dues	18,762	17,969
Mentoring program	10,877	9,843
Office	9,579	7,416
Travel and development	6,546	8,224
Recognition and promotion	<u>6,326</u>	<u>7,250</u>
	<u>571,702</u>	<u>574,166</u>
FUNDRAISING		
Salaries, wages and benefits	55,871	52,887
Events (note 8)	40,117	47,648
Credit card processing	<u>8,474</u>	<u>4,843</u>
	<u>104,462</u>	<u>105,378</u>
ADMINISTRATION		
Salaries, wages and benefits	52,942	51,724
Professional fees	7,658	3,950
Office	6,730	7,167
Amortization	4,213	4,732
Bank charges	<u>1,027</u>	<u>933</u>
	<u>72,570</u>	<u>68,506</u>
TOTAL EXPENDITURES	<u>748,734</u>	<u>748,050</u>
EXCESS OF EXPENDITURES OVER REVENUES FROM OPERATIONS	(116,852)	(25,785)
OTHER REVENUES		
Canada emergency wage subsidy	-	163,571
Unrealized appreciation in value of investments - contingency fund (notes 3 and 5)	16,968	32,577
Unrealized appreciation in value of investments - bequest fund (notes 3 and 5)	101,163	97,533
Interest - contingency fund (notes 3 and 5)	<u>2,039</u>	<u>15</u>
	<u>120,170</u>	<u>293,696</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR	<u>\$ 3,318</u>	<u>\$ 267,911</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, 2022

	GENERAL FUND			CONTINGENCY FUND		BEQUEST FUND		2022	2021
	<i>Unrestricted</i>			<i>Internally Restricted</i>		<i>Internally Restricted</i>			
NET ASSETS, BEGINNING OF YEAR	\$	234,043	\$	399,476	\$	435,601	\$	1,069,120	\$ 801,209
Excess of revenues over expenditures		3,318		-		-		3,318	267,911
Interfund transfers (note 2(f))		(126,005)		24,842		101,163		-	-
NET ASSETS, END OF YEAR	\$	111,356	\$	424,318	\$	536,764	\$	1,072,438	\$ 1,069,120

(See accompanying notes to financial statements)

BIG BROTHERS BIG SISTERS OF GUELPH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 3,318	\$ 267,911
Adjustments for non-cash items:		
Amortization	4,213	4,732
Unrealized appreciation in value of investments - contingency fund	(16,968)	(32,577)
Unrealized appreciation in value of investments - bequest fund	<u>(101,163)</u>	<u>(97,533)</u>
	(110,600)	142,533
CHANGES IN NON-CASH WORKING CAPITAL		
HST, accounts receivable and subsidy receivable	46,825	(323)
Prepaid expenses	(2,733)	1,104
Accounts payable and accrued liabilities	3,919	2,845
Government remittances payable	184	367
Deferred revenue	<u>(731)</u>	<u>19,132</u>
Cash (used in) from operating activities	<u>(63,136)</u>	<u>165,658</u>
INVESTING ACTIVITIES		
Purchases of capital assets	(1,876)	(5,628)
Purchase of investments - contingency fund, net	<u>(7,874)</u>	<u>(177,967)</u>
Cash used in investing activities	<u>(9,750)</u>	<u>(183,595)</u>
DECREASE IN CASH FOR THE YEAR	(72,886)	(17,937)
CASH, beginning of the year	<u>305,329</u>	<u>323,266</u>
CASH, end of the year represented by bank - unrestricted	<u><u>\$ 232,443</u></u>	<u><u>\$ 305,329</u></u>

(See accompanying notes to financial statements)

BIG BROTHERS BIG SISTERS OF GUELPH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

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, 2022

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 GICs, maturing in 2023 with interest rates ranging between 2.70% and 3.25%, and investments in an Apartment REIT with the Skyline Group of Companies. The organization's carrying value of this investment includes an unrealized appreciation in the value of the holdings based solely on Skyline management's unaudited estimates of fair value.

	2022	2021
GICs	\$ 35,000	\$ 71,836
Original Cost of Investment - Apartment REIT	129,589	129,589
Unrealized Appreciation in Value - Apartment REIT	<u>94,134</u>	<u>77,166</u>
Total Carrying Value	<u>\$ 258,723</u>	<u>\$ 278,591</u>

BIG BROTHERS BIG SISTERS OF GUELPH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

3. INVESTMENTS - continued

Short-term investments - bequest fund consists of a bequest the organization received in 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. The organization's carrying value of these investments includes an unrealized appreciation in the value of the holdings based solely on Skyline management's unaudited estimates of fair value.

	2022	2021
Original Cost of Investment	\$ 254,386	\$ 254,386
Unrealized Appreciation in Value	<u>282,378</u>	<u>181,215</u>
Total Carrying Value	<u>\$ 536,764</u>	<u>\$ 435,601</u>

Long-term investments - contingency fund consists of GICs with maturity dates between February 2024 and August 2026 with interest rates ranging from 0.0% (market linked) to 2.8%.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computer equipment	\$ 17,027	\$ 13,588	\$ 3,439	\$ 5,368
Office equipment	<u>4,084</u>	<u>2,042</u>	<u>2,042</u>	<u>2,450</u>
	<u>\$ 21,111</u>	<u>\$ 15,630</u>	<u>\$ 5,481</u>	<u>\$ 7,818</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, one 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.

	2022	2021
Deferred revenue - opening balance	\$ 64,323	\$ 35,388
Less: amount recognized as revenue in the year	(56,648)	(35,388)
Add: amount received related to grants	38,617	36,648
Add: amount received related to Dinner, Dance and Auction	7,300	-
Add: amount received related to Corporate Partnership Plan	10,000	10,000
Add: amount received related to donations	<u>-</u>	<u>17,675</u>
	<u>\$ 63,592</u>	<u>\$ 64,323</u>

BIG BROTHERS BIG SISTERS OF GUELPH**NOTES TO FINANCIAL STATEMENTS****AS AT DECEMBER 31, 2022****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, 2023, 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, 2023 the full \$40,000 loan will be converted to a loan repayable over three years with a 5% interest rate.

8. FUNDRAISING REVENUE

	Gross Revenue	Expenses	2022, net	2021, net
Third Party Fundraising	\$ 104,338	\$ 2,663	\$ 101,675	\$ 29,258
Big Little Run	45,143	7,935	37,208	25,038
Corporate Partnership Plan	36,000	1,933	34,067	44,078
Golf Fore Kids' Sake	43,233	12,014	31,219	32,162
Amazing Race	21,347	1,929	19,418	25,874
Flowthrough Funding	18,379	-	18,379	14,166
Little Change for Big Change	8,348	1,375	6,973	32,459
Food Truck Picnic	10,331	5,467	4,864	-
Elimination Draws	2,680	-	2,680	11,714
Direct Mail Campaign	2,095	96	1,999	2,177
12 Days of Giving	1,230	-	1,230	6,795
Bigger Together 50-50	500	-	500	2,091
New Event Fundraising	-	-	-	5,744
Facebook Like-a-Thon	-	-	-	551
Have a Heart Gala	-	6,705	(6,705)	24,192
	<u>\$ 293,624</u>	<u>\$ 40,117</u>	<u>\$ 253,507</u>	<u>\$ 256,299</u>

9. GRANT REVENUE

	2022	2021
Government and Foundations	\$ 180,354	\$ 204,363
United Way Funding	77,154	102,218
Trillium Grant	22,291	52,400
Canada Summer Jobs	16,650	21,558
City of Guelph	10,000	7,000
Ministry of Children, Community and Social Services	<u>6,837</u>	<u>6,840</u>
	<u>\$ 313,286</u>	<u>\$ 394,379</u>

BIG BROTHERS BIG SISTERS OF GUELPH

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2022

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:

2023	\$	52,628
2024		<u>53,839</u>
	\$	<u><u>106,467</u></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, 2022.

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.