

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Financial Statements

Year Ended December 31, 2019

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Index to Financial Statements

Year Ended December 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10

INDEPENDENT AUDITOR'S REPORT

To the Directors of Big Brothers Big Sisters of Wood Buffalo

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Wood Buffalo (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at 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 for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with 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 those 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 the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Independent Auditor's Report to the Directors of Big Brothers Big Sisters of Wood Buffalo (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

King + Company

Edmonton, AB
June 2, 2020

CHARTERED ACCOUNTANTS

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Statement of Financial Position

As at December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Note 3)	\$ 319,375	\$ 353,794
Guaranteed investment certificates	62,546	100,000
Accounts receivable (Note 4)	33,648	106,251
Prepaid expenses	2,752	5,908
	<u>\$ 418,321</u>	<u>\$ 565,953</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	\$ 28,806	\$ 48,560
Deferred contributions related to operations (Note 6)	60,519	185,773
	<u>89,325</u>	<u>234,333</u>
NET ASSETS		
Internally restricted (Note 7)	60,000	60,000
Unrestricted	268,996	271,620
	<u>328,996</u>	<u>331,620</u>
	<u>\$ 418,321</u>	<u>\$ 565,953</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Statement of Revenues and Expenditures

Year Ended December 31, 2019

	2019	2018
REVENUE		
Full Circle Mentoring	\$ 155,832	\$ 179,804
Wine auction <i>(Note 8)</i>	89,760	109,911
In School Mentoring	52,200	35,000
Casino	48,919	48,598
Community Tradition	35,250	45,361
Go Girls	34,700	4,394
Donations	32,879	26,257
Duck race <i>(Note 8)</i>	17,360	22,403
Curl for Kids <i>(Note 8)</i>	12,894	14,157
Interest	2,256	332
	<u>482,050</u>	<u>486,217</u>
EXPENSES		
Salaries and benefits	343,926	388,166
Rent	33,026	32,046
Big 'N Little activities	25,565	25,373
Office	23,407	26,745
Utilities	11,275	5,967
Dues and memberships	10,386	10,400
Goods and services tax	8,185	5,177
Professional fees	8,000	7,000
Training and education	7,449	3,418
Insurance	5,908	5,385
Telephone, fax and internet	3,132	2,957
Advertising and promotion	2,261	9,867
Volunteer appreciation	2,154	1,442
	<u>484,674</u>	<u>523,943</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (2,624)</u>	<u>\$ (37,726)</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Internally Restricted (Note 7)	Unrestricted	2019	2018
NET ASSETS - BEGINNING OF YEAR				
As previously reported	\$ 60,000	\$ 258,465	\$ 318,465	\$ 369,346
Accounting error (Note 2)	-	13,155	13,155	-
As restated	60,000	271,620	331,620	369,346
Deficiency of revenue over expenses	-	(2,624)	(2,624)	(37,726)
NET ASSETS - END OF YEAR	\$ 60,000	\$ 268,996	\$ 328,996	\$ 331,620

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Statement of Cash Flows

Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Cash receipts from donations, fundraising and other	\$ 413,991	\$ 503,743
Interest received	2,256	332
Cash paid to suppliers and employees	<u>(488,119)</u>	<u>(527,229)</u>
Cash flow used by operating activities	<u>(71,872)</u>	<u>(23,154)</u>
INVESTING ACTIVITIES		
Proceeds on disposal of guaranteed investment certificates	40,000	-
Purchase of guaranteed investment certificates	<u>(2,547)</u>	<u>(775)</u>
Cash flow from (used by) investing activities	<u>37,453</u>	<u>(775)</u>
DECREASE IN CASH	(34,419)	(23,929)
CASH - BEGINNING OF YEAR	<u>353,794</u>	<u>377,723</u>
CASH - END OF YEAR	<u>\$ 319,375</u>	<u>\$ 353,794</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2019

NATURE OF OPERATIONS

Big Brothers Big Sisters of Wood Buffalo (the "association") is an association incorporated under the Alberta Societies Act. The association is operated for the benefit of youth aged 6-17 in the Fort McMurray region and is exempt from income taxes under 149(1)(l) of the Income Tax Act (Canada). The association is dependant on the support of volunteers to continue operations.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The association 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.

Revenue from all other sources is included in revenue in the year in which it is received or receivable.

Casino revenue is recognized when approval is received from Alberta Gaming, Liquor and Cannabis Commission (AGLC).

Contributed Services

Volunteers contribute time each year to aid the association in carrying out its services and fundraising activities. Due to the difficulty in determining the fair value, the financial value of contributed services is not recognized in these financial statements.

Financial Instruments

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

Cash

Cash is comprised of funds held in financial institutions.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2019

2. ACCOUNTING ERROR

During the year, it was determined that accounts payable and accrued liabilities were understated by \$13,155 as a result of utility amounts that should have been accrued but not yet billed. This adjustment has been corrected retrospectively and comparative figures have been restated.

3. CASH

Cash is restricted for the following:

	<u>2019</u>	<u>2018</u>
<u>Unrestricted</u>		
Cash	\$ 198,856	\$ 108,021
<u>Externally Restricted (Note 6)</u>		
Cash restricted for expenses approved by AGLC (casino)	16,275	62,968
Cash restricted for operating grants	44,244	122,805
	<u>60,519</u>	<u>185,773</u>
<u>Internally Restricted (Note 7)</u>		
Cash restricted for future operations	60,000	60,000
	<u>\$ 319,375</u>	<u>\$ 353,794</u>

4. ACCOUNTS RECEIVABLE

	<u>2019</u>	<u>2018</u>
Donations and sponsorships receivable	\$ 21,000	\$ 87,762
Goods and services tax receivable	12,648	5,334
Utility recovery	-	13,155
	<u>\$ 33,648</u>	<u>\$ 106,251</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Trade	\$ 20,000	\$ 32,000
Wages	7,929	15,611
Government remittances	877	949
	<u>\$ 28,806</u>	<u>\$ 48,560</u>

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2019

6. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

Deferred contributions consist of unspent contributions externally restricted for expenses approved by the organization's funders. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	Casino	Operating	2019	2018
Balance, beginning of year	\$ 62,968	\$ 122,805	\$ 185,773	\$ 106,267
Funding received	2,226	121,120	123,346	357,663
Revenue recognized	(48,919)	(199,681)	(248,600)	(278,157)
Balance, end of year	\$ 16,275	\$ 44,244	\$ 60,519	\$ 185,773

7. INTERNALLY RESTRICTED NET ASSETS

The Board has internally restricted \$60,000 of net assets for future operations. The funds cannot be utilized without Board authorization.

8. NET FUNDRAISING REVENUE

	2019	2018
Wine Auction		
Revenue	\$ 335,456	\$ 267,944
Expense	(245,696)	(158,033)
	\$ 89,760	\$ 109,911
Duck Race		
Revenue	\$ 25,730	\$ 28,467
Expense	(8,370)	(6,064)
	\$ 17,360	\$ 22,403
Curl for Kids		
Revenue	\$ 24,858	\$ 22,930
Expense	(11,964)	(8,773)
	\$ 12,894	\$ 14,157

BIG BROTHERS BIG SISTERS OF WOOD BUFFALO

Notes to Financial Statements

Year Ended December 31, 2019

9. SUBSEQUENT EVENTS

In March 2020, the global pandemic caused by COVID-19 required the implementation of quarantine measures by the Government of Alberta for individuals, businesses and not-for-profit organizations. The date at which these measures will be fully lifted has not been set. The financial impact caused by COVID-19 to the future operations of the organization cannot be determined at this time.

10. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.