

Big Brothers Big Sisters of Wood Buffalo
Financial Statements
December 31, 2020

To the Members 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 "Association"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 Association 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 for Qualified Opinion

As is common with many charitable organizations, the Association derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to amounts recorded in the records of the Association. Therefore we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. The predecessor's audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation in 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter

The financial statements for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those statements on June 2, 2020 for the reasons described in the Basis for Qualified Opinion section.

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 Association'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 the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association'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 Association'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 Association 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.

Fort McMurray, Alberta

April 14, 2021

MNP LLP

Chartered Professional Accountants

Big Brothers Big Sisters of Wood Buffalo

Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current		
Cash (Note 3)	454,168	319,375
Accounts receivable (Note 4), (Note 13)	20,235	33,648
Prepaid expenses	-	2,752
	474,403	355,775
Guaranteed investment certificate (Note 5)	63,958	62,546
	538,361	418,321
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	20,204	28,806
Deferred contributions related to operations (Note 8)	188,184	60,519
	208,388	89,325
Significant event (Note 13)		
Net Assets		
Unrestricted	269,973	268,996
Internally restricted (Note 9)	60,000	60,000
	329,973	328,996
	538,361	418,321

Approved on behalf of the Board

signed by "Keith Bergey"

Director

signed by "Monica Ball"

Director

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of Wood Buffalo Statement of Operations

For the year ended December 31, 2020

	2020	2019
Revenue		
Grants (Note 8)	218,236	250,013
Donations and fundraising (Note 10)	129,060	446,892
Government subsidies (Note 13)	66,149	-
Casino (Note 8)	7,511	48,919
Interest	1,588	2,256
	422,544	748,080
Expenses		
Salaries and benefits (Note 10)	296,037	343,926
Rent	33,688	33,026
Office (Note 10)	15,187	23,407
Utilities	15,186	11,275
Big 'N Little activities	13,673	25,565
Dues and memberships	10,316	10,386
Advertising and promotion (Note 10)	9,503	2,261
Professional fees	9,290	8,000
Insurance (Note 10)	6,118	5,908
Telephone	3,396	3,132
Fundraising costs (Note 10)	2,697	266,030
Training and education	2,397	7,449
Goods and services tax	2,176	8,185
Volunteer appreciation (Note 10)	1,903	2,154
	421,567	750,704
Excess (deficiency) of revenue over expenses	977	(2,624)

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of Wood Buffalo
Statement of Changes in Net Assets

For the year ended December 31, 2020

	<i>Internally restricted</i>	<i>Unrestricted</i>	2020	<i>2019</i>
Net assets, beginning of year	60,000	268,996	328,996	331,620
Excess (deficiency) of revenue over expenses	-	977	977	(2,624)
Net assets, end of year	60,000	269,973	329,973	328,996

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of Wood Buffalo Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating		
Cash receipts from donations and fundraising	145,060	513,364
Cash received from grants, government subsidies and casino	406,502	173,678
Interest received	176	-
Cash paid for program service expenses	(416,945)	(761,461)
	134,793	(74,419)
Investing		
Proceeds on disposal of guaranteed investment certificates	-	40,000
Increase (decrease) in cash resources	134,793	(34,419)
Cash resources, beginning of year	319,375	353,794
Cash resources, end of year	454,168	319,375

The accompanying notes are an integral part of these financial statements

Big Brothers Big Sisters of Wood Buffalo

Notes to the Financial Statements

For the year ended December 31, 2020

1. Nature of Operations

Big Brothers Big Sisters of Wood Buffalo (the "Association") was incorporated under the Alberta Societies Act. The Association is a registered not-for profit organization and thus is exempt from income taxes under 149(1)(l) of the Income Tax Act (Canada).

The Association's purpose is to provide benefit to the youth aged 6-17 in the Wood Buffalo region and is dependent on the support of volunteers to continue operations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

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.

Contributed services

Volunteers contribute time each year to aid the Association in carrying out its services and fundraising activities.

Contributions of services are not recognized due to the difficulty in determining the fair value.

Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with original maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Allocation of expenses

The Association engages in fundraising and program activities. The costs of each program include the costs of personnel and other expenses that are directly related to providing the program. The Association also incurs a number of general support expenses that are common to the administration of the Association and each of its programs.

The Association also incurs a number of general support expenses that are common to the administration of the Association as well as each of its programs. General support expenses include rent, utilities, dues and memberships, professional fees, and insurance. General support expenses are allocated to programs at the following rates:

Program	Rate
Community based mentoring	20%
In-school mentoring	20%
Full circle mentoring	40%

Big Brothers Big Sisters of Wood Buffalo
Notes to the Financial Statements
For the year ended December 31, 2020

2. **Significant accounting policies** *(Continued from previous page)*

Financial instruments

All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*. At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures investments in equity instruments quoted in an active market at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenue over expenses for the current period. Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Association assesses impairment of all of its financial assets measured at cost or amortized cost when there is an indication of impairment. Any impairment which is not considered temporary is included in current year excess (deficiency) of revenue over expenses.

Measurement uncertainty (use of estimates)

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenue over expenses in the years in which they become known.

3. **Cash**

	2020	2019
Unrestricted		
Cash	205,984	198,856
Externally restricted (Note 8)		
Cash restricted for expenses approved by AGLC (casino)	42,920	16,275
Cash restricted for expenses approved by operating grants	145,264	44,244
	188,184	60,519
Internally restricted (Note 9)		
Cash restricted for future operations	60,000	60,000
	454,168	319,375

Big Brothers Big Sisters of Wood Buffalo
Notes to the Financial Statements
For the year ended December 31, 2020

4. Accounts receivable

	2020	2019
Government subsidy (Note 13)	13,059	-
Donations and sponsorships	5,000	21,000
Goods and services tax	2,176	12,648
	20,235	33,648

5. Guaranteed investment certificate

Guaranteed investment certificate bears interest at 2.35% (2019 - 2.35%) and matures December 14, 2022.

6. Revolving line of credit

The Association has access to a \$30,000 revolving line of credit bearing interest at the lender's prime rate plus 3.75%. As at December 31, 2020, the Association has not drawn on this facility. An additional \$15,000 credit card facility is also available. As at December 31, 2020, the Association has drawn \$2,282 (2019 - \$11,098) on this facility. The credit facilities are secured by a general security agreement.

7. Accounts payable and accrued liabilities

	2020	2019
Trade	11,849	20,000
Wages	8,355	8,806
	20,204	28,806

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2019 - \$877).

8. Deferred contributions related to operations

Deferred contributions consist of unspent contributions externally restricted for expenses approved by the Association'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:

	<i>Opening balance</i>	<i>Amounts received</i>	<i>Recognized as revenue</i>	2020 Ending balance
Government of Alberta	-	72,000	(9,893)	62,107
Casino	16,275	34,156	(7,511)	42,920
In-school mentoring	-	86,667	(55,109)	31,558
Full circle mentoring	44,244	105,420	(118,989)	30,675
Community based mentoring	-	43,333	(30,340)	12,993
Game On / Go girls	-	11,836	(3,905)	7,931
	60,519	353,412	(225,747)	188,184

Big Brothers Big Sisters of Wood Buffalo
Notes to the Financial Statements
For the year ended December 31, 2020

9. Internally restricted net assets

The Board has internally restricted \$60,000 (2019 - \$60,000) of net assets for future operations. The funds cannot be utilized without Board authorization.

10. Net fundraising revenue

Included in donations and fundraising revenue and expenses are the following events hosted by the Association:

	<i>Curl for Kids</i>	<i>Duck Race</i>	<i>Wine Auction</i>	2020	<i>2019</i>
Revenue	21,194	12,692	12,875	46,761	386,044
Expenses	(7,738)	(2,602)	(5,321)	(15,661)	(266,030)
	13,456	10,090	7,554	31,100	120,014

11. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate cash flow risk with respect to the revolving line of credit (Note 6) as the balance bears interest at a floating rate. The Association is exposed to interest rate price risk with respect to its guaranteed investment certificate (Note 5) which bears interest at a fixed rate.

12. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

13. Significant event

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian federal, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Association has continued to provide services in accordance with provincial and federal restrictions and regulations.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Canada Emergency Wage Subsidy ("CEWS") and Temporary Wage Subsidy ("TWS")

Under the CEWS and TWS programs, organizations experiencing significant revenue reductions during the COVID-19 pandemic are eligible to receive a subsidy for a portion of employee wages. For the year ended December 31, 2020, the Association claimed subsidies under the CEWS and TWS programs of \$58,981 and \$7,168, respectively. At year end, there is currently \$13,059 of CEWS in accounts receivable.