Big Brothers Big Sisters of Wood Buffalo
Financial Statements
December 31, 2021

Independent Auditor's Report

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, 2021, 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, 2021, 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 of revenue over expenses and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years.

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.

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

MNP LLP

June 8, 2022

Chartered Professional Accountants

Big Brothers Big Sisters of Wood Buffalo
Statement of Financial Position
As at December 31, 2021

	2021	*2020*
Assets		
Current		
Cash *(Note 3)*	**478,262**	454,168
Accounts receivable *(Note 4), (Note 14)*	**7,822**	20,235
Guaranteed investment certificate *(Note 5)*	**65,528**	-
	551,612	474,403
Guaranteed investment certificate *(Note 5)*	**-**	63,958
Prepaid expenses and deposits	**3,250**	-
	554,862	538,361
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 7)*	**26,293**	20,204
Deferred contributions related to operations *(Note 8)*	**71,680**	188,184
	97,973	208,388
Long-term debt *(Note 9)*	**40,000**	-
	137,973	208,388
Commitments *(Note 10)*		
Significant event *(Note 14)*		
Net Assets		
Unrestricted	**86,889**	269,973
Internally restricted *(Note 11)*	**330,000**	60,000
	416,889	329,973
	554,862	538,361

Approved on behalf of the Board

signed by "Keith Bergey"
Director

signed by "Lori Stevens"
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, 2021

	2021	2020
Revenue		
Grants *(Note 8)*	**221,408**	218,236
Donations and fundraising *(Note 12)*	**202,182**	129,060
Government subsidies *(Note 14)*	**36,284**	66,149
Casino *(Note 8)*	**3,618**	7,511
Interest	**1,696**	1,588
	465,188	422,544
Expenses		
Salaries and benefits *(Note 12)*	**239,367**	296,037
Rent	**36,013**	33,688
Fundraising costs *(Note 12)*	**24,909**	2,697
Professional fees	**14,642**	9,290
Utilities	**12,203**	15,186
Office *(Note 12)*	**9,035**	15,187
Advertising and promotion *(Note 12)*	**8,207**	9,503
Dues and memberships	**7,366**	10,316
Insurance *(Note 12)*	**7,031**	6,118
Big 'N Little activities	**5,523**	13,673
Bad debts	**5,000**	-
Telephone	**3,131**	3,396
Goods and services tax	**2,822**	2,176
Volunteer appreciation *(Note 12)*	**2,159**	1,903
Training and education	**864**	2,397
	378,272	421,567
Excess of revenue over expenses	**86,916**	977

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, 2021

	Internally restricted	*Unrestricted*	*2021*	*2020*
Net assets, beginning of year	**60,000**	**269,973**	**329,973**	328,996
Excess of revenue over expenses	**-**	**86,916**	**86,916**	977
Transfer *(Note 11)*	**270,000**	**(270,000)**	**-**	-
Net assets, end of year	**330,000**	**86,889**	**416,889**	329,973

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, 2021

	2021	*2020*
Cash provided by (used for) the following activities		
Operating		
Cash receipts from donations and fundraising	**202,182**	145,060
Cash received from grants, government subsidies and casino	**137,865**	406,502
Interest received	**126**	176
Cash paid for program service expenses	**(376,079)**	(416,945)
	(35,906)	134,793
Financing		
Advances of long-term debt	**60,000**	-
Increase in cash resources	**24,094**	134,793
Cash resources, beginning of year	**454,168**	319,375
Cash resources, end of year	**478,262**	454,168

The accompanying notes are an integral part of these financial statements

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(I)(I) 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 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 according to use.

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 of revenue over expenses in the years in which they become known.

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

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Association may irrevocably elect to subsequently measure any arm’s length 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 and all derivative instruments at fair value. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Related party financial instruments

The Association initially measures investments or debt instruments with a quoted market value or derivatives originated in a related party transaction (“related party financial instruments”) at fair value.

All other related party financial instruments are measured at cost on initial recognition.

At initial recognition, the Association may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value. The Association has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Association subsequently measures investments in equity instruments quoted in an active market and all derivative instruments at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

Financial asset impairment

The Association assesses impairment of all its financial assets measured at cost or amortized cost. The Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses. The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Cash

	2021	2020
Unrestricted		
Cash	**346,582**	205,984
Externally restricted *(Note 8)*		
Cash restricted for expenses approved by AGLC (casino)	**39,302**	42,920
Cash restricted for expenses approved by operating grants	**32,378**	145,264
	71,680	188,184
Internally restricted *(Note 11)*		
Cash restricted for future operations	**60,000**	60,000
	478,262	454,168

4. Accounts receivable

	2021	2020
Goods and services tax	**2,822**	2,176
Donations and sponsorships	**5,000**	5,000
Government subsidy *(Note 14)*	**-**	13,059
	7,822	20,235

5. Guaranteed investment certificate

Guaranteed investment certificate bears interest at 2.45% (2020 - 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, 2021, the Association has not drawn on this facility. An additional $15,000 credit card facility is also available. As at December 31, 2021, the Association has drawn $3,860 (2020 - $2,282) on this facility. The credit facilities are secured by a general security agreement.

7. Accounts payable and accrued liabilities

	2021	2020
Trade	**15,693**	11,849
Wages	**10,600**	8,355
	26,293	20,204

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:

	Opening balance	*Amounts received*	*Recognized as revenue*	***2021 Ending balance***
Big possibilities mentoring	-	13,000	(5,000)	**8,000**
Casino	42,920	-	(3,618)	**39,302**
Community based mentoring	12,993	35,625	(40,695)	**7,923**
Full circle mentoring	30,675	35,625	(66,300)	**-**
Game On / Go girls	7,931	6,500	(9,283)	**5,148**
Government of Alberta	62,107	-	(62,107)	**-**
Government of Canada	-	4,022	(4,022)	**-**
In-school mentoring	31,558	13,750	(34,001)	**11,307**
	188,184	108,522	(225,026)	**71,680**

9. Long-term debt

	2021	*2020*
ATB Financial ("ATB"), Canadian Emergency Business Account (CEBA) loan, unsecured, non-interest bearing, repayable December 31, 2023 *(Note 14)*	**40,000**	-

Principal repayments on long-term debt in each of the next two years, assuming contractual terms of repayment, are estimated as follows:

2023	40,000

10. Commitments

The Association has entered into an office lease agreement with estimated minimum annual payments as follows:

2022	39,000
2023	39,000
2024	39,000
2025	39,000
2026	19,500
	175,500

The Association occupies leased premises subject to minimum monthly rent of $19,500 until July 1, 2026.

11. Internally restricted net assets

The Board has internally restricted $330,000 (2020 - $60,000) of net assets for future operations. The funds cannot be utilized without Board authorization.

12. Net fundraising revenue

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

	Bowl for Kids Sake	*Duck Race*	*Wine Auction*	*2021*	*2020*
Revenue	**17,000**	**13,970**	**133,516**	**164,486**	46,761
Expenses	**(4,532)**	**(820)**	**(27,052)**	**(32,404)**	(15,661)
	12,468	**13,150**	**106,464**	**132,082**	31,100

13. 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.

14. 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")

Under the CEWS, 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, 2021, the Association claimed subsidies under the CEWS program of $16,284 (2020 - $58,981), respectively. At year end, there is currently $nil (2020 - $13,059) of CEWS in accounts receivable.

Canada Emergency Business Account ("CEBA")

The Association secured a $60,000 interest-free loan through the CEBA program. No principal payments are required until December 2023. Repayment of the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 33% or $20,000 of the loan, which has been recognized as government subsidies revenue. After 2023, any unpaid balances will be converted to a three-year term at a 5% interest rate.