

Big Brothers Big Sisters of Waterloo
Region
Financial Statements
For the Year Ended December 31, 2023

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Financial Statements
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Independent Auditor's Report

To the Members of Big Brothers Big Sisters of Waterloo Region

Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters of Waterloo Region (the Organization), which comprise the statement of financial position as at December 31, 2023 and the statements of operations, changes in fund balances and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2023, and its results of 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 charitable organizations, the Organization derives revenue from fundraising activities and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our 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 and donation revenues, excess (deficiency) of revenues over expenditures, and cash flows from operations for the years ended December 31, 2023 and 2022, current assets as at December 31, 2023 and 2022, and fund balances as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2023 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 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Organization incurred a net loss of \$149,916 during the year ended December 31, 2023, and is dependent on finding new funding sources and reducing expenses. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 related 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
June 19, 2024

Big Brothers Big Sisters of Waterloo Region
Statement of Financial Position

December 31	Operating Fund	Scholarship & Restricted Funds	2023 Total	2022 Total
Assets				
Current				
Cash (Note 2)	\$ 108,114	\$ 59,997	\$ 168,111	\$ 171,618
Short-term investments (Note 3)	24,526	333,682	358,208	533,687
Accounts receivable (Note 4)	17,424	-	17,424	13,948
Prepaid expenses	4,606	-	4,606	317
	<u>154,670</u>	<u>393,679</u>	<u>548,349</u>	<u>719,570</u>
Long-term investments (Note 5)	9,755	58,454	68,209	81,204
Tangible capital assets (Note 6)	13,982	-	13,982	16,731
	<u>\$ 178,407</u>	<u>\$ 452,133</u>	<u>\$ 630,540</u>	<u>\$ 817,505</u>
Liabilities and Fund Balances				
Current				
Accounts payable and accrued liabilities	\$ 38,736	\$ -	\$ 38,736	\$ 40,575
Deferred contributions (Note 7)	29,108	-	29,108	64,318
Interfund balances (Note 8)	62,745	(62,745)	-	-
Current portion of long-term debt (Note 9)	30,000	-	30,000	-
	<u>160,589</u>	<u>(62,745)</u>	<u>97,844</u>	<u>104,893</u>
Long-term debt (Note 9)	-	-	-	30,000
	<u>160,589</u>	<u>(62,745)</u>	<u>97,844</u>	<u>134,893</u>
Fund balances				
Internally restricted - tangible capital assets	13,982	-	13,982	16,731
Externally restricted	-	514,878	514,878	499,151
Internally restricted (Note 13)	-	-	-	146,528
Unrestricted	3,836	-	3,836	20,202
	<u>17,818</u>	<u>514,878</u>	<u>532,696</u>	<u>682,612</u>
	<u>\$ 178,407</u>	<u>\$ 452,133</u>	<u>\$ 630,540</u>	<u>\$ 817,505</u>

On behalf of the Board:

_____ Director

_____ Director

Big Brothers Big Sisters of Waterloo Region
Statement of Changes in Net Assets

For the year ended December 31	Operating Fund	Scholarship & Restricted Funds (Schedule 2)	2023 Total	2022 Total
Balance, beginning of the year	\$ 183,461	\$ 499,151	\$ 682,612	\$ 852,610
Excess (deficiency) of revenues over expenses	(165,643)	15,727	(149,916)	(169,998)
Balance, end of the year	\$ 17,818	\$ 514,878	\$ 532,696	\$ 682,612

Big Brothers Big Sisters of Waterloo Region
Statement of Operations

For the year ended December 31	Operating Fund	Scholarship & Restricted Funds (Schedule 2)	2023 Total	2022 Total
Revenue				
Government and community grants (Note 10)	\$ 364,908	\$ -	\$ 364,908	\$ 409,785
United Way	45,000	-	45,000	60,000
Event fundraising - net (Note 11)	163,727	-	163,727	92,478
Donations	182,404	-	182,404	125,516
Best Friends fundraising and donations	7,960	-	7,960	20,599
Investment income	3,863	8,550	12,413	23,721
Scholarship and program donations	-	15,000	15,000	7,116
	<u>767,862</u>	<u>23,550</u>	<u>791,412</u>	<u>739,215</u>
Expenses				
Amortization	4,493	-	4,493	4,416
Operating expenses (Schedule 1)	925,947	-	925,947	832,533
Scholarship and program expenses	-	10,000	10,000	4,000
	<u>930,440</u>	<u>10,000</u>	<u>940,440</u>	<u>840,949</u>
Excess (deficiency) of revenues over expenditures before other items	<u>(162,578)</u>	<u>13,550</u>	<u>(149,028)</u>	<u>(101,734)</u>
Other income (expenses)				
Investment management fees	(2,074)	(6,571)	(8,645)	(9,623)
Gain (loss) on change in fair value of investments	4,285	2,979	7,264	(51,615)
Gain (loss) on disposal of investments	(5,276)	5,769	493	(7,026)
	<u>(3,065)</u>	<u>2,177</u>	<u>(888)</u>	<u>(68,264)</u>
Excess (deficiency) of revenues over expenses	<u>\$ (165,643)</u>	<u>\$ 15,727</u>	<u>\$ (149,916)</u>	<u>\$ (169,998)</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of Waterloo Region Statement of Cash Flows

For the year ended December 31	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (149,916)	\$ (169,998)
Items not affecting cash:		
Amortization of capital assets	4,493	4,416
(Gain) loss on fair market value of investments	(7,264)	51,615
(Gain) loss on disposal of investments	(493)	7,026
Amortization of deferred contributions	(97,696)	(357,453)
	<u>(250,876)</u>	<u>(464,394)</u>
Changes in non-cash working capital:		
Accounts receivable	(3,476)	17,788
Prepaid expenses	(4,289)	2
Accounts payable and accrued liabilities	(1,839)	12,050
	<u>(260,480)</u>	<u>(434,554)</u>
Cash flows from investing activities		
Purchase of investments	(173,015)	(100,121)
Proceeds on disposal of investments	369,246	86,023
Purchase of tangible capital assets	(1,744)	(7,019)
	<u>194,487</u>	<u>(21,117)</u>
Cash flows from financing activities		
Repayment of capital lease obligation	-	(3,602)
Deferred contributions received	62,486	345,562
	<u>62,486</u>	<u>341,960</u>
Net decrease in cash	(3,507)	(113,711)
Cash, beginning of the year	<u>171,618</u>	<u>285,329</u>
Cash, end of the year	<u>\$ 168,111</u>	<u>\$ 171,618</u>

The accompanying notes are an integral part of these financial statements.

Big Brothers Big Sisters of Waterloo Region

Notes to Financial Statements

December 31, 2023

1 .Significant Accounting Policies

Nature and Purpose of Organization	The organization is a registered charity incorporated without share capital under the laws of Ontario. It has a mission of enhancing the development of children in need of mentoring. The organization's purpose is to provide a multi-faceted program to serve children with needs resulting from cultural and socio-economic marginalization in Waterloo Region.
Going Concern	<p>The Organization has incurred operating losses over the last two years. The net loss for the year ended December 31, 2023 is \$149,916. The Organization's total liabilities exceeded its unrestricted net assets by \$142,771. As a result, there is material uncertainty that may cast significant doubt as to whether the Organization will have the ability to continue as a going concern.</p> <p>The Organization's ability to continue as a going concern is dependent on finding new funding sources and reducing expenses. If the Organization is unable to achieve this, there is a possibility that the Organization may be unable to continue to realize its assets and to discharge its liabilities in the normal course of operations.</p> <p>These financial statements are prepared on a going concern basis in accordance with Canadian accounting standards for not-for-profit organizations which assumes that the Organization will be able to obtain adequate financing as required and realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of the assets and liabilities.</p>
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Fund Accounting	<p>The organization follows the principles of fund accounting.</p> <p>The operating fund accounts for the organization's program delivery and administrative activities as well as tangible capital assets.</p> <p>The scholarship and restricted funds report resources used for the purpose of providing scholarships and community programs to eligible individuals. The scholarship funds are held by the organization to provide funds for distribution to eligible students in the community. The Promise, Dixon and Westmount funds have no specific designations. The Trapp Bursary is designated for an eligible child from the Elmira area.</p>

Big Brothers Big Sisters of Waterloo Region

Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:

Office equipment	- 20% diminishing balance basis
Computer equipment	- 30% diminishing balance basis
Telephone system	- 20% diminishing balance basis

When a tangible capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Income Taxes The organization is a registered charity and therefore is not subject to income taxes.

Revenue Recognition Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the appropriate restricted fund. Where there is no appropriate restricted fund, restricted contributions are recognized using the deferral method in the Operating Fund. Distributions from the investments held with the Kitchener and Waterloo Community Foundation are recognized as income in the Operating Fund upon notification of distribution.

Contributed Services Volunteers contribute many hours per year to assist the organization in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed materials are not recognized in the financial statements unless they would normally be purchased by the organization and their fair market value can be ascertained.

Use of Estimates The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Big Brothers Big Sisters of Waterloo Region Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (continued)

Financial Instruments Financial Instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Big Brothers Big Sisters of Waterloo Region Notes to Financial Statements

December 31, 2023

2. Cash

The organization's bank accounts are held at one chartered bank and earn interest at a nominal rate.

3. Short-term Investments

	<u>2023</u>	<u>2022</u>
Cash and money market funds for reinvestment	\$ 32,410	\$ 85,758
3.23% GICs, maturing July 2024	15,052	53,533
Canadian Equity Funds	196,471	266,888
Foreign Equity Funds	114,275	127,508
	<u>\$ 358,208</u>	<u>\$ 533,687</u>

4. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Trade receivable	\$ 9,963	\$ 27
HST recoverable	7,461	13,921
	<u>\$ 17,424</u>	<u>\$ 13,948</u>

5. Long-term Investments

Long-term investments include various GICs bearing interest at rates ranging from 1.50% to 3.80% and maturing between May 2025 and March 2027.

Big Brothers Big Sisters of Waterloo Region
Notes to Financial Statements

December 31, 2023

6. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 83,651	\$ 82,715	\$ 83,651	\$ 82,482
Computer equipment	60,295	51,916	58,551	48,823
Telephone system	19,782	15,115	19,782	13,948
	163,728	149,746	161,984	145,253
Net book value		\$ 13,982		\$ 16,731

7. Deferred Contributions

	2023	2022
Beginning balance	\$ 64,318	\$ 76,209
Grants received	62,486	345,562
Amounts amortized to revenue	(97,696)	(357,453)
Ending balance	\$ 29,108	\$ 64,318

8. Interfund Balances

The balances due from (to) funds are unsecured, interest free, with no fixed terms of repayment.

Big Brothers Big Sisters of Waterloo Region Notes to Financial Statements

December 31, 2023

9. Long-term Debt

	2023	2022
Canada Emergency Business Account, bearing no interest, maturing on January 18, 2024	\$ 30,000	\$ 30,000
Current portion	30,000	-
Long-term portion of debt	\$ -	\$ 30,000

The organization received a \$40,000 Canada Emergency Business Account (CEBA) to finance qualifying non-deferrable expenses during the COVID-19 pandemic. The loan is non-interest bearing with no scheduled payments until January 18, 2024. If \$30,000 of the loan has been repaid by that date, the remaining \$10,000 will be forgiven.

10. Grant Revenue

	2023	2022
Provincial government	\$ 70,933	\$ 75,266
Foundations, corporate and community	293,975	334,519
	\$ 364,908	\$ 409,785

11. Event Fundraising Revenue

During the year, the organization earned gross revenue of \$200,213 (2022 - \$114,715) on fundraising events.

Big Brothers Big Sisters of Waterloo Region Notes to Financial Statements

December 31, 2023

12. Waterloo Region Community Foundation

The organization has certain internally and externally restricted endowment assets which are held in trust at the Waterloo Region Community Foundation ("WRCF"). These assets are long-term investments held in a variety of common and preferred stocks, bonds, GICs and money market funds. The income component is comprised of interest and dividends earned on the capital investment and is available for distribution in the form of grants.

The internally restricted endowment fund was established through a contribution from the organization to WRCF. The externally restricted endowment fund was created through a private donation to the organization received by WRCF and is restricted for use in providing scholarships to eligible students in the community. The organization has access to any income and growth on the investments but the original capital contribution is restricted.

Should WRCF cease to exist, the organization would be entitled to receive the appropriate proportionate share of the market value of the investments of WRCF represented by the fund.

	2023	2022
Internally restricted endowment fund	\$ 67,624	\$ 65,281
Externally restricted endowment fund	14,075	13,612
	<u>\$ 81,699</u>	<u>\$ 78,893</u>
Income (loss) allocated during the year	<u>\$ 7,005</u>	<u>\$ (6,820)</u>
Grant disbursements during the year	<u>\$ 4,200</u>	<u>\$ 3,500</u>

13. Internally Restricted Fund

In the current year, the Board of Directors have chosen not to internally restrict a portion of the operating fund approximately equal to three months of operating expenses.

Big Brothers Big Sisters of Waterloo Region
Notes to Financial Statements

December 31, 2023

14. Commitments

The organization rents its premise in Kitchener under an operating lease expiring in December 2028.

The minimum annual lease payments under the terms of the lease for the next five years are as follows:

2024	\$	52,477
2025		52,477
2026		52,477
2027		52,477
2028		52,477
		<hr/>
	\$	<u>262,385</u>

Big Brothers Big Sisters of Waterloo Region

Notes to Financial Statements

December 31, 2023

15. Financial Instruments

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject the organization to concentrations of credit risk consist of cash and short and long term investments. The organization has deposited the cash and investments with reputable financial institutions, from which management believes the risk of loss to be remote. The credit risk on accounts receivable is limited to its trade receivables which has a minimal risk and was collected subsequent to year end.

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, long term debt and commitments.

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 risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to this risk through its equity holdings within its investment portfolio.

**Big Brothers Big Sisters of Waterloo Region
Schedule 1 - Schedule of Operating Expenses**

For the year ended December 31	2023	2022
Advertising	\$ -	\$ 1,664
Bank charges and interest	8,151	6,058
Information technology	5,365	3,461
Insurance	26,869	30,229
Maintenance	1,332	5,868
Membership fees	12,570	10,398
Occupancy costs	57,915	56,740
Office supplies	1,958	4,300
Moving expenses	6,255	-
Professional fees	30,331	27,970
Program direct costs	40,783	19,343
Staff training, conference, and membership	2,407	6,014
Telephone	8,001	7,601
Transportation	5,820	2,967
Wages and benefits - administration	126,435	127,865
Wages and benefits - program	591,755	522,055
	<u>\$ 925,947</u>	<u>\$ 832,533</u>

**Big Brothers Big Sisters of Waterloo Region
Schedule 2 - Schedule of Scholarship & Restricted Funds**

For the year ended December 31

	Dixon	Promise	Westmount	Trapp Bursary	Keith Taylor	Total 2023	Total 2022
Revenue							
Donations	\$ 6,000	\$ 4,500	\$ 4,500	\$ -	\$ -	\$ 15,000	\$ 7,116
Investment income	-	436	8,114	-	-	8,550	16,475
	6,000	4,936	12,614	-	-	23,550	23,591
Expenditures							
Scholarships	-	10,000	-	-	-	10,000	4,000
Excess of revenues over expenditures for the year before other items	6,000	(5,064)	12,614	-	-	13,550	19,591
Other items							
Investment management fees	-	(3,467)	(3,104)	-	-	(6,571)	(6,793)
Gain (loss) on change in fair market value of investments	-	(3,267)	6,246	-	-	2,979	(41,659)
Gain (loss) on disposal of investments	-	5,856	(87)	-	-	5,769	(4,161)
	-	(878)	3,055	-	-	2,177	(52,613)
Excess (deficiency) of revenues over expenditures for the year	6,000	(5,942)	15,669	-	-	15,727	(33,022)
Fund balances, beginning of year	20,000	193,875	279,220	6,056	-	499,151	532,173
Fund balances, end of year	\$ 26,000	\$ 187,933	\$ 294,889	\$ 6,056	\$ -	\$ 514,878	\$ 499,151

The accompanying notes are an integral part of these financial statements.