

Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Soeurs d'Ottawa
Financial Statements
For the year ended December 31, 2020

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Tél./Tel: 613-237-9331
Télec./Fax: 613-237-9779
www.bdo.ca

BDO Canada s.r.l./S.E.N.C.R.L./LLP
180 Kent Street
Suite 1700
Ottawa ON K1P 0B6 Canada

Independent Auditor's Report

To the members of
Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa

Qualified Opinion

We have audited the accompanying financial statements of Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa (the Organization), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in fund balances 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, 2020, 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 not-for-profit organizations, the Organization derives revenue from donations and special 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 donations and special fundraising activities revenue, excess (deficiency) of revenues 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 fund balances as at January 1 and December 31 for both the 2020 and 2019 years. Our 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 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 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 these 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

Ottawa, Ontario
April 13, 2021

Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Soeurs d'Ottawa
Statement of Financial Position

December 31	2020	2019
Assets		
Current		
Cash	\$ 433,454	\$ 90,091
Accounts receivable (Note 2)	19,645	59,796
Prepaid expenses	10,782	11,862
	463,881	161,749
Tangible capital assets (Note 3)	51,831	67,173
Tangible capital asset under capital lease (Note 4)	45,844	59,597
	\$ 561,556	\$ 288,519
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 85,754	\$ 86,441
Deferred contributions (Note 6)	297,429	145,373
Current portion of capital lease obligation (Note 8)	9,467	9,220
	392,650	241,034
Deferred contributions related to tangible capital assets (Note 7)	34,741	44,695
Capital lease obligation (Note 8)	40,141	44,939
	467,532	330,668
Contractual obligations (Note 9)		
Fund Balances (Deficiency)		
Unrestricted		
General Fund (Deficiency)	65,698	(85,065)
Invested in Tangible Capital Assets	13,326	27,916
Internally restricted		
Operating Contingency Reserve Fund	15,000	15,000
	94,024	(42,149)
	\$ 561,556	\$ 288,519

On behalf of the Board:



Director



Director

Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Soeurs d'Ottawa
Statement of Changes in Fund Balances

For the year ended December 31	Unrestricted - General fund (Deficiency)	Unrestricted - Invested in Tangible Capital Assets	Internally restricted - Operating contingency reserve fund	2020	2019
Balance, beginning of the year	\$ (85,065)	\$ 27,916	\$ 15,000	\$ (42,149)	\$ 42,032
Excess (deficiency) of revenues over expenses	136,173	-	-	136,173	(84,181)
Acquisition of tangible capital assets	(5,395)	5,395	-	-	-
Amortization of tangible capital assets	19,365	(19,365)	-	-	-
Loss on disposal of tangible capital asset	1,372	(1,372)	-	-	-
Repayment of capital lease obligation	(4,551)	4,551	-	-	-
Amortization of tangible capital asset under capital lease	13,753	(13,753)	-	-	-
Contributions related to tangible capital assets	3,500	(3,500)	-	-	-
Amortization of deferred contributions related to tangible capital assets	(13,454)	13,454	-	-	-
Balance, end of the year	\$ 65,698	\$ 13,326	\$ 15,000	\$ 94,024	\$ (42,149)

The notes are an integral part of these financial statements.

Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Soeurs d'Ottawa
Statement of Operations

For the year ended December 31	2020	2019
Revenues		
Grants	\$ 311,096	\$ 355,202
City of Ottawa	233,793	228,392
Annual giving	135,403	82,774
United Way East Ontario	131,295	147,754
COVID-19 Reliefs	105,974	-
Special fundraising activities	104,090	232,928
Ontario Ministry of Education	75,660	84,410
Canada Emergency Wage Subsidy	63,241	-
Third party events	6,955	62,549
Other	497	123
	<u>1,168,004</u>	<u>1,194,132</u>
Expenses		
Advertising and promotion	17,164	29,096
Bad debts	-	47,916
Event specific costs	11,619	10,713
Fundraising	30,038	83,308
Group programs and materials	41,609	15,071
Insurance	28,280	27,177
Interest and bank charges	8,606	8,826
Loss on sale of tangible capital asset	1,372	12,695
Meeting and staff development	7,055	13,433
Membership fees	15,407	15,444
Occupancy costs	27,363	51,808
Office supplies	21,846	25,921
Professional fees	65,411	77,757
Salaries and benefits	683,887	776,730
Telecommunications	25,800	21,108
Travel	5,125	17,311
Volunteer development and recognition	8,131	7,308
	<u>998,713</u>	<u>1,241,622</u>
Excess (deficiency) of revenues over expenses before undernoted items	169,291	(47,490)
Amortization of tangible capital assets	19,365	27,522
Amortization of tangible capital asset under capital lease	13,753	9,169
Excess (deficiency) of revenues over expenses	<u>\$ 136,173</u>	<u>\$ (84,181)</u>

Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Soeurs d'Ottawa
Statement of Cash Flows

For the year ended December 31	2020	2019
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 136,173	\$ (84,181)
Items not affecting cash:		
Amortization of tangible capital assets	19,365	27,522
Amortization of tangible capital asset under capital lease	13,753	9,169
Amortization of deferred capital contributions related to tangible capital assets	(13,454)	(25,741)
Deferred capital contribution received	41,500	15,000
Loss on sale of tangible capital asset	1,372	12,695
	<u>198,709</u>	<u>(45,536)</u>
Changes in non-cash working capital:		
Accounts receivable	40,151	46,724
Prepaid expenses	1,080	1,490
Accounts payable and accrued liabilities	(687)	30,142
Deferred contributions	114,056	(12,281)
	<u>353,309</u>	<u>20,539</u>
Cash flows from investing activities		
Acquisition of tangible capital assets	(5,395)	(20,320)
Redemption of guaranteed investment certificates	-	20,135
	<u>(5,395)</u>	<u>(185)</u>
Cash flows from financing activities		
Repayment of capital lease obligation	(4,551)	(6,607)
Net increase in cash	343,363	13,747
Cash, beginning of the year	<u>90,091</u>	<u>76,344</u>
Cash, end of the year	<u>\$ 433,454</u>	<u>\$ 90,091</u>

Big Brothers Big Sisters Ottawa /
Grands Frères Grandes Soeurs d'Ottawa
Notes to Financial Statements

December 31, 2020

1. Accounting Policies

Status and Purpose of Organization	Big Brothers Big Sisters Ottawa / Grands Frères Grandes Soeurs d'Ottawa is a not-for-profit organization incorporated without share capital under the laws of the Ontario Corporations Act. The organization's purpose is to foster, facilitate and support volunteer-based mentoring programs for children in need. The organization is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.
Basis of Accounting	The organization applies the Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the valuation of accounts receivable and the estimated useful life of tangible capital assets and of tangible capital asset under capital lease.
Fund Accounting	<p>The organization uses the restricted fund method of accounting for contributions. The organization has three funds: a General Fund, a Tangible Capital Assets Fund and an Operating Contingency Reserve Fund.</p> <p>The General Fund accounts for current operations and programs as well as the organization's general operations. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in this fund.</p> <p>The Tangible Capital Assets Fund reports the assets, liabilities, revenues and expenses related to tangible capital assets.</p> <p>The Operating Contingency Reserve Fund is an internally restricted fund that was created to ensure that all contractual and legal commitments can be met.</p>

Big Brothers Big Sisters Ottawa /
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Notes to Financial Statements

December 31, 2020

1. Accounting Policies (continued)

Revenue Recognition Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to the purchase of tangible capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the contributed tangible capital assets.

Financial Instruments Initial and subsequent measurement
The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

Transaction costs
Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

Tangible Capital Assets and Tangible capital asset under capital lease Tangible capital assets and tangible capital asset under capital lease are accounted for at cost and amortized on the basis of their useful life using the straight-line basis at the following durations:

Clothing bins	7 years
Computer equipment	3 years
Furniture and equipment	5 years
Truck	5 years
Leasehold improvements	term of the lease
Website	5 years
Leased Truck	5 years

Big Brothers Big Sisters Ottawa /
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Notes to Financial Statements

December 31, 2020

1. Accounting Policies (continued)

Leases	Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets under capital leases are stated at cost less accumulated amortization.
Contributed Services	Volunteers contribute many hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Contributed Materials	Due to the difficulty in determining the fair value of materials contributed to the organization they are not recognized in the financial statements.

2. Accounts Receivable

	<u>2020</u>		<u>2019</u>
Accrued receivables	\$ 10,451	\$	49,246
Harmonized sales tax receivable	9,194		10,550
	<u>\$ 19,645</u>	\$	<u>59,796</u>

Big Brothers Big Sisters Ottawa /
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December 31, 2020

3. Tangible Capital Assets

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Clothing bins	\$ 41,274	\$ 15,432	\$ 42,766	\$ 13,679
Computer equipment	51,560	44,631	46,152	38,686
Furniture and equipment	25,037	25,037	25,037	25,037
Leasehold improvements	108,366	97,460	108,366	91,211
Website	26,553	18,399	26,553	13,088
	<u>\$ 252,790</u>	<u>\$ 200,959</u>	<u>\$ 248,874</u>	<u>\$ 181,701</u>
Net carrying amount		<u>\$ 51,831</u>		<u>\$ 67,173</u>

4. Tangible Capital Asset Under Capital Lease

	2020		2019	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Leased truck	\$ 68,766	\$ 22,922	\$ 68,766	\$ 9,169
Net carrying amount		<u>\$ 45,844</u>		<u>\$ 59,597</u>

5. Line of Credit

The organization has a line of credit for a maximum of \$25,000 at the prime rate plus 2.40%. As of December 31, 2020, the remaining balance available was \$25,000 (2019 - \$25,000).

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December 31, 2020

6. Deferred Contributions

Deferred contributions consists of amounts received before year-end for future programs and initiatives. The variations in the balance are as follows:

	2020	2019
Balance, beginning of year	\$ 145,373	\$ 157,654
Plus: amounts received during the year	867,595	628,989
Less: amounts recognized as revenue in the year	(715,539)	(641,270)
Balance, end of year	<u>\$ 297,429</u>	<u>\$ 145,373</u>

7. Deferred Contributions Related to Tangible Capital Assets

Deferred contributions related to tangible capital assets represents contributions received for tangible capital assets. The variations in the balance are as follows:

	2020	2019
Balance, beginning of year	\$ 44,695	\$ 55,436
Plus: amount received during the year	3,500	15,000
Less: amount amortized to operations	(13,454)	(25,741)
Balance, end of year	<u>\$ 34,741</u>	<u>\$ 44,695</u>

Big Brothers Big Sisters Ottawa /
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Notes to Financial Statements

December 31, 2020

8. Capital Lease Obligation

	2020	2019
Royal Bank of Canada, 5.13%, due September 2025, payable by monthly instalments of \$982, principal and interest.	\$ 49,608	\$ 54,159
Less: current portion	9,467	9,220
	\$ 40,141	\$ 44,939

Repayments to be made during the next five years are as follows:

2021	\$	11 790
2022		11 790
2023		11 790
2024		11 790
2025		8 842
		56 002
Less: imputed interest		(6 394)
	\$	49 608

9. Contractual Obligations

The organization leases its premises under a lease expiring on August 31, 2021 and also leases equipment under a lease expiring on May 15, 2023. The organization also signed an agreement for secure information management. Future minimum lease payments for premises, equipment, and secure information management total \$83,299 and include the following payments over the next five years:

2021	\$	59,355
2022	\$	14,316
2023	\$	5,248
2024	\$	2,628
2025	\$	1,752

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December 31, 2020

10. Uncertainty due to COVID-19

During the 2020 fiscal year, the organization received COVID-19 specific and one-time funding to be spent by March 2021, such as support from the provincial and federal government in the form of Canadian Emergency Wage Subsidy, Social Service Relief Fund and the Emergency Community Support Fund. In addition, the organization secured non covid related funding that included a three year grow grant from the Ontario Trillium Foundation and received an overwhelming response from donors and foundations. These have been reflected in this financial statement as revenue under Annual Giving, Grants, Canada Emergency Wage Subsidy and COVID Reliefs. The organization also implemented expense reductions to offset the cancellation of major events and the pause of its Social Enterprise. Therefore, there is an excess of revenue over expenses for the 2020 fiscal, majority of this excess is remaining under the General Fund which will help ensure that the organization is in a strong financial position to keep carrying out its mission.

Even with a vaccine on the horizon, the Canadian economic recovery will take many months, with some predicting a return to economic stability only in 2023. It is expected Canada will see ongoing job loss and a slow return to work for many of those employed by the gig economy. The uncertainty of the long-term effects of the COVID-19 pandemic will affect the organization in two equally important ways: the future funding level, and whether or not social enterprise programs can be carried out given any potential lock-down and social-distancing ordered by the Canadian Government.

11. Financial Instruments

Credit risk

The organization is exposed to credit risk for its accounts receivable to the extent that other organizations and/or individuals fail to meet their obligations or commitments. The credit risk may have increased due to COVID-19. Also, the majority of cash are held under the same financial institute, Canadian Deposit Insurance Corporation insurance protects up to a maximum of \$100,000 if a case of failure. The credit risk has increased due to COVID-19.

12. Employee Future Benefits

Defined contribution pension plan

The organization is a participating employer in a multi-employer defined contribution pension plan for its unionized employees. The employer contributions for the year are \$13,530 (2019 - \$12,852).