

SOUTH SHORE BIG BROTHERS/BIG SISTERS ASSOCIATION
Financial Statements
Year Ended December 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11
Fundraising activities (<i>Schedule 1</i>)	12
Government grants (<i>Schedule 2</i>)	13
Other grants (<i>Schedule 3</i>)	13

INDEPENDENT AUDITOR'S REPORT

To the Members of South Shore Big Brothers/Big Sisters Association

Qualified Opinion

We have audited the financial statements of South Shore Big Brothers/Big Sisters Association (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

In common with many not-for-profit 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 the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets and net 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 audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements of the Association for the year ended December 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on June 15, 2020.

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.

Independent Auditor's Report to the Members of South Shore Big Brothers/Big Sisters Association
(continued)

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

Bridgewater, Nova Scotia
May 13, 2021

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

Statement of Financial Position

December 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 59,298	\$ 58,859
Accounts receivable	4,462	625
HST recoverable	1,117	1,776
Prepaid expenses	3,717	3,772
	\$ 68,594	\$ 65,032
LIABILITIES		
Current		
Bank indebtedness (Note 7)	\$ -	\$ 57
Accounts payable and accrued liabilities	5,898	2,012
Employee deductions payable	163	1,625
Deferred revenue	-	9,710
	6,061	13,404
NET ASSETS		
Unrestricted	62,533	51,628
	\$ 68,594	\$ 65,032

ON BEHALF OF THE BOARD

_____ Director _____ Director

See accompanying notes to the financial statements

Statement of Operations

Year Ended December 31, 2020

	(Note 4) Budget 2020	2020	2019
REVENUE			
Fundraising (Schedule 1)	\$ 55,050	\$ 47,833	\$ 68,245
Donations	7,000	8,758	15,743
Government grants (Schedule 2)	29,000	34,228	28,370
Other grants (Schedule 3)	16,500	8,050	11,000
Other revenue	500	1,811	8,078
	108,050	100,680	131,436
EXPENDITURES			
Advertising and promotion	250	88	924
Casework	1,600	4,946	1,325
Dues, fees and licenses	1,600	2,752	1,531
Emergency relief	-	3,401	-
Fundraising (Schedule 1)	-	16,586	20,989
Insurance	3,400	3,195	3,386
Interest and bank charges	1,599	1,288	1,568
Kids N' Kops	4,000	-	4,597
Mentoring program	3,000	177	1,658
Office supplies	2,000	1,464	1,974
Professional development	500	30	1,314
Professional fees	4,384	5,220	4,283
Rent	7,238	6,634	7,238
Repairs and maintenance	100	291	29
Telephone and internet	3,110	1,881	2,889
Travel	500	-	460
Wages and benefits	72,700	41,822	71,923
	105,981	89,775	126,088
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR			
	\$ 2,069	\$ 10,905	\$ 5,348

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 51,628	\$ 46,280
Excess of revenue over expenditures	10,905	5,348
NET ASSETS - END OF YEAR	\$ 62,533	\$ 51,628

See accompanying notes to the financial statements

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 10,905	\$ 5,348
Changes in non-cash working capital:		
Accounts receivable	(3,837)	(124)
HST recoverable	659	1,436
Prepaid expenses	55	561
Accounts payable and accrued liabilities	3,886	1,315
Employee deductions payable	(1,462)	-
Deferred revenue	(9,710)	9,710
	(10,409)	12,898
INCREASE IN CASH FLOW	496	18,246
Cash - beginning of year	58,802	40,556
CASH - END OF YEAR	\$ 59,298	\$ 58,802
CASH CONSISTS OF:		
Cash	\$ 59,298	\$ 58,859
Bank indebtedness (Note 7)	-	(57)
	\$ 59,298	\$ 58,802

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2020

1. PURPOSE OF THE ASSOCIATION

South Shore Big Brothers Big Sisters Association (the "Association") is a non-profit, registered Charity that conducts fundraising activities and recruits volunteers to provide high quality and safe mentoring programs for children.

The Association is a registered charity and, as such, is exempt from income tax and issues income tax receipts to donors.

2. BASIS OF PRESENTATION

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Cash

Cash includes cash on hand and bank balances, including bank overdrafts with balances that fluctuate from positive to overdrawn.

Capital assets

Capital assets are not recorded in the statement of financial position. It is the Association's policy to expense capital assets in the statement of operations as acquired.

Revenue recognition

South Shore Big Brothers/Big Sisters 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. All other unrestricted contributions from grants or donations are recognized when received.

Contributed services

Volunteers contribute many hours per year to assist the Association in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements

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Notes to Financial Statements

Year Ended December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Financial instruments

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

Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at amortized cost are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash and amounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness and accounts payable.

4. FINANCIAL FORECASTS

The figures under the "Budget" column in the statement of operations are unaudited and are provided for information purposes only.

5. COMPARATIVE FIGURES

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

6. ECONOMIC DEPENDENCE

The Association receives a portion of its operating revenue from various government grants. Any significant change in the level of contributions from these government agencies could impact on the Association's volume and scope of activities in subsequent years.

7. BANK INDEBTEDNESS

The Association has an authorized operating line of credit with the Bank of Montreal with a maximum limit of \$25,000, which bears interest at prime plus 3.5% per annum.

8. COMMITMENT

The Association is committed to making lease payments for their Bridgewater office at a monthly rate of \$585, minimum future payments are as follows:

2021

\$ 586

Notes to Financial Statements
Year Ended December 31, 2020

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. The Association is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The Association's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. The majority of the Association's receivables are from government sources and the Association works to ensure it meets all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Association 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.

The Association is exposed to this risk mainly in respect of its accounts payable and deferred revenue. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

This risk has decreased from the prior year due to the decrease in accounts payable and deferred revenue.

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

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. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness.

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Notes to Financial Statements
Year Ended December 31, 2020

9. FINANCIAL INSTRUMENTS *(continued)*

The Association's operating line of credit is tied to the prime rate of interest, an increase in the prime rate would increase monthly interest obligations thereby increasing the strain on working capital. Currently the Association has drawn \$Nil on their operating line of credit, thus interest rate risk is considered low.

10. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic due to the outbreak of COVID-19. The outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods, social and physical distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Association in future periods. To date, the Association has not had to revise judgements, estimates or assumptions nor has the pandemic had any material impact on the Association's liquidity, credit or business risks.

Fundraising activities

(Schedule 1)

Year Ended December 31, 2020

	(Note 4) Budget 2020	2020	2019
REVENUE			
Banner	\$ 2,500	\$ 200	\$ 2,000
Bid it to Win it	-	6,249	-
Bowl for Kids	8,000	3,926	8,220
Casino night	3,000	-	4,676
Dance	5,000	17,094	9,310
General fundraising	6,000	1,350	2,551
Golf tournament	25,000	18,881	30,849
McHappy Days	3,000	-	4,539
Memorial donations	50	-	234
ReNew Crew	500	133	428
Touch a Truck	2,000	-	5,439
	55,050	47,833	68,246
EXPENDITURES			
Banner	-	-	376
Bid it to Win it	-	135	-
Bowl for Kids	-	234	698
Casino night	-	-	258
Dance	-	9,448	6,750
General fundraising	-	47	439
Golf tournament	-	6,722	10,591
Touch a Truck	-	-	1,878
	-	16,586	20,990
NET FUNDRAISING REVENUE FOR THE YEAR	\$ 55,050	\$ 31,247	\$ 47,256

Government grants

(Schedule 2)

Year Ended December 31, 2020

	(Note 4) Budget 2020	2020	2019
Department of Community Services - operating grant	\$ 22,000	\$ 22,000	\$ 22,000
Government Emergency Wage Subsidy	-	6,078	-
The Municipality of Chester	-	3,650	-
Municipality of the District of Lunenburg	3,000	2,500	2,500
Student Grants	4,000	-	3,870
	\$ 29,000	\$ 34,228	\$ 28,370

Other grants

(Schedule 3)

Year Ended December 31, 2020

	(Note 4) Budget 2020	2020	2019
Halifax Youth Foundation	\$ 10,000	\$ 4,000	\$ 4,000
Atlantic Compassion Fund	-	3,550	-
Community Foundation of Nova Scotia	500	500	-
United Way - ISM	2,000	-	2,000
United Way - Kids N' Kops	4,000	-	5,000
	\$ 16,500	\$ 8,050	\$ 11,000