

SOUTH SHORE BIG BROTHERS/BIG SISTERS ASSOCIATION
Financial Statements
Year Ended December 31, 2022

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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, 2022, 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, 2022 and the results of its operations and 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 donations and fundraising 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 donation and fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 2022 and 2021, current assets as at December 31, 2022 and 2021, and net assets as at January 1 and December 31 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended December 31, 2021 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 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 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.

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Independent Auditor's Report to the 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 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.

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 122,121	\$ 69,521
HST recoverable	921	2,150
Prepaid expenses	2,250	4,419
	\$ 125,292	\$ 76,090
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 2,423	\$ 6,482
Employee deductions payable	2,581	1,782
Deferred revenue	82,900	12,500
	87,904	20,764
NET ASSETS		
Unrestricted	37,388	55,326
	\$ 125,292	\$ 76,090

ON BEHALF OF THE BOARD

_____ Director _____ Director

See accompanying notes to the financial statements

Statement of Operations

Year Ended December 31, 2022

	2022	2021
REVENUE		
Fundraising (<i>Schedule 1</i>)	\$ 13,403	\$ 36,557
Donations	20,398	20,513
Government grants (<i>Schedule 2</i>)	24,432	26,971
Other grants (<i>Schedule 3</i>)	7,000	5,000
	65,233	89,041
EXPENDITURES		
Advertising and promotion	284	27
Casework	6,305	8,872
Dues, fees and licenses	3,699	3,270
Fundraising (<i>Schedule 1</i>)	6,047	14,066
Insurance	5,749	4,117
Interest and bank charges	855	1,040
Office supplies	2,109	2,736
Professional fees	7,012	6,279
Rent	7,527	7,238
Repairs and maintenance	1,112	125
Telephone and internet	1,513	2,083
Wages and benefits	40,959	46,395
	83,171	96,248
DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE YEAR	\$ (17,938)	\$ (7,207)

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Year Ended December 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 55,326	\$ 62,533
Deficiency of revenue over expenditures	(17,938)	(7,207)
NET ASSETS - END OF YEAR	\$ 37,388	\$ 55,326

See accompanying notes to the financial statements

Statement of Cash Flows

Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (17,938)	\$ (7,207)
Changes in non-cash working capital:		
Accounts receivable	-	4,462
HST recoverable	1,229	(1,033)
Prepaid expenses	2,169	(702)
Accounts payable and accrued liabilities	(4,059)	584
Employee deductions payable	799	1,619
Deferred revenue	70,400	12,500
	70,538	17,430
INCREASE IN CASH FLOW	52,600	10,223
Cash - beginning of year	69,521	59,298
CASH - END OF YEAR	\$ 122,121	\$ 69,521

See accompanying notes to the financial statements

Notes to Financial Statements

Year Ended December 31, 2022

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. During the year, the Association incurred capital expenditures of \$1,112 (2021 - \$Nil).

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, 2022

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 and accrued liabilities.

4. 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.

5. 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. The outstanding credit balance as at December 31, 2022 was \$363 (2021 - \$183).

6. COMMITMENT

The Association leases its premises under a lease expiring on October 31, 2027. Future minimum future payments including HST are as follows:

2023	\$	9,600
2024		9,600
2025		9,600
2026		9,600
2027		8,000

Notes to Financial Statements

Year Ended December 31, 2022

7. 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, 2022.

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 increased from the prior year due to the increase in 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, 2022**

7. 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 an outstanding credit balance of \$363 on their operating line of credit, thus interest rate risk is considered low.

Fundraising activities

(Schedule 1)

Year Ended December 31, 2022

	2022	2021
REVENUE		
Bid it to Win it	\$ 1,004	\$ 7,184
Comfort and Joy	4,506	-
General fundraising	5,393	4,504
Golf tournament	-	24,869
ReNew Crew	2,500	-
	13,403	36,557
EXPENDITURES		
Bid it to Win it	-	324
Comfort and Joy	4,506	-
Bowl for Kids	-	77
General fundraising	-	419
Golf tournament	466	13,246
ReNew Crew	1,075	-
	6,047	14,066
NET FUNDRAISING REVENUE FOR THE YEAR	\$ 7,356	\$ 22,491

See accompanying notes to the financial statements

Government grants

(Schedule 2)

Year Ended December 31, 2022

	2022	2021
Department of Community Services - operating grant	\$ 22,000	\$ 22,000
Government Emergency Wage Subsidy	-	4,794
Queens Coast - Community Investment Fund	-	177
Federal Government Student Grant	2,432	-
	\$ 24,432	\$ 26,971

Other grants

(Schedule 3)

Year Ended December 31, 2022

	2022	2021
United Way of Lunenburg County	\$ 5,000	\$ 5,000
Town of Bridgewater	1,000	-
Walmart	1,000	-
	\$ 7,000	\$ 5,000

See accompanying notes to the financial statements