

**BIG BROTHERS BIG SISTERS OF
SAULT STE. MARIE
FINANCIAL STATEMENTS
For the year ended December 31, 2019**

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations and Net Assets	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6-7
Notes to Financial Statements	8
Schedule of Fund Raising	9



ANTHONY S. ROSSI, CPA, CA

369 QUEEN ST. EAST, SUITE 302 • SAULT STE. MARIE, ON • P6A 1Z4
Tel: 705.253.0110 • Fax: 705.253.1771

INDEPENDENT AUDITOR'S REPORT

To the Members of:
Big Brothers Big Sisters of Sault Ste. Marie

Qualified Opinion

I have audited the financial statements of **Big Brothers, Big Sisters of Sault Ste. Marie**, which comprise the statement of financial position as at December 31, 2019 and the statements of operations, net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of **Big Brothers, Big Sisters of Sault Ste. Marie** as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the reporting provisions of the Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues from the general public in the form of cash receipts/donations and fundraising the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, my verification of those revenues was limited to the amounts recorded in the records of the Organization and I were not able to determine whether any adjustments might be necessary to donations/fundraising revenue, net revenue (expenditure) and net assets.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 the reporting provisions of the 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 these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



+ROSSI-

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 for 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I 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 I identify during my audit.

Anthony Rossi
Chartered Professional Accountant, Licensed Public Accountant
Sault Ste. Marie, Canada
May 6, 2020

BIG BROTHERS BIG SISTERS OF SAULT STE. MARIE
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31,	2019	(Note 2) 2018
ASSETS		
CURRENT		
Cash	\$ 22,594	\$ -
Restricted cash	743,735	818,057
Accounts receivable (HST - \$908)	908	10,176
Prepaid expenses	-	276
	\$ 767,237	\$ 828,509
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness	\$ -	\$ 22,985
Accounts payable and accrued liabilities	5,398	15,561
	5,398	38,546
NET ASSETS	761,839	789,963
	\$ 767,237	\$ 828,509

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

BIG BROTHERS BIG SISTERS OF SAULT STE. MARIE
STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, (with comparative figures for the prior year)	2019	(Note 2) 2018
Revenues (gross revenues, 2019 \$ 45,481 ;2018 \$ 945,176)		
Grants		
Northern Ontario Heritage Fund Corporation	1,701	19,505
Fund raising, net (schedule of fund raising page 10)	24,735	879,196
Donations - general	4,433	22,054
Other	1	1
	30,870	920,756
Expenditures		
Activities and awards	496	216
Advertising and promotion	-	107
Employee benefits	2,213	7,151
Insurance	4,861	10,603
Interest and bank charges	373	2,529
Meeting conferences and seminars	192	35
Miscellaneous	1,138	848
Office expenses	6,543	2,251
National dues	2,521	5,786
Professional fees	3,930	9,454
Rental	3,808	276
Repairs and maintenance	77	134
Salaries	31,746	100,221
Utilities and telephone	1,096	1,054
	58,994	140,665
NET REVENUE (EXPENDITURE)	(28,124)	780,091
NET ASSETS, BEGINNING OF YEAR	789,963	9,872
NET ASSETS, END OF YEAR	\$ 761,839	\$ 789,963

BIG BROTHERS BIG SISTERS OF SAULT STE. MARIE
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2019	(Note 2) 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net revenue (expenditure)	\$ (28,124)	\$ 780,091
Change in assets and liabilities:		
Decrease in accounts receivable	9,268	(2,008)
Decrease (Increase) in prepaid expenses	276	(276)
Increase in accounts payable and accrued liabilities	(10,163)	5,389
Cash flow generated through operating activities, being net increase in cash operating	(28,743)	783,196
Cash, restricted cash and bank indebtedness, beginning of year	795,072	11,876
CASH, RESTRICTED CASH AND BANK INDEBTEDNESS, END OF YEAR	\$ 766,329	\$ 795,072

BIG BROTHERS BIG SISTERS OF SAULT STE. MARIE
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2019

Nature of Operations The Big Brothers Big Sisters of Sault Ste. Marie (the "Organization") is a non-profit entity and its main objective is to help boys and girls to enjoy friendship that is personally, socially, and psychologically supportive for their growth and development. The Big Brothers Big Sisters of Sault Ste. Marie is a registered charity under the Income Tax Act and is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the CPA handbook Canadian accounting standards for not-for-profit organizations, using the following significant accounting policies:

Funding The organization accounts for contributions using the deferral method whereby contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Volunteers The Big Brothers, Big Sisters of Sault Ste. Marie (the "Organization") utilizes numerous volunteers and services of some of its members. Since these services are not normally purchased by the organization and because of the difficulty of determining their fair value, donated services are not recorded in the financial statements.

Capital Assets Furniture, fixtures and equipment purchased during the year are reported as an expenditure on the statement of operations and net assets.

The major categories of capital assets not recorded in the statement of financial position are furniture, fixtures and computer equipment.

BIG BROTHERS BIG SISTERS OF SAULT STE. MARIE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DECEMBER 31, 2019

Financial Instruments CPA 3856 Financial instruments are recorded at fair market value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The organization has elected to carry any such financial instruments at fair market value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in the future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect 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 SAULT STE. MARIE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. FINANCIAL INSTRUMENTS

Risk and Concentration

The organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the organization's risk exposure and concentrations as at December 31, 2019.

Credit Risk

The organization's exposure to credit risk relates to its accounts receivable and arises from possibility amounts will not be collectable. This risk is minimized through a continuous monitoring of amounts receivable and the potential defaults. There has been no change in credit risk from that of the prior year.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty raising liquid funds to meet commitments as they arise.

In meeting its liquidity requirements the organization monitors its working capital, cash flow requirements and obligations. The organization maintains a target level of available cash to meet liquidity requirements as the come due. There has been no change in liquidity risk from that of prior year.

Currency Risk

The Organization's functional currency is the Canadian Dollar. The organization does not enter into foreign currency transactions and does not use foreign exchange forward contracts. At December 31, 2019, the organization had no cash nor investments exposed to currency risk. There is no change in currency from that of the prior year.

Interest rate risk

Interest rate risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is not exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed rate instruments are subject to fair value risk while the floating rate instruments are subject to a cash flow risk. There is no change in currency from that of the prior year.

2. COMPARATIVE FIGURES

The prior year comparative figures have been restate for NOHFC funding and related expenditures. Accounts receivable and NOHFC grant funding increased by \$6,464 and bank indebtedness decreased by \$1,377. The result was the prior year surplus and net assets increased \$7,841. Prior year comparative figures were reported on by another public accounting firm.

BIG BROTHERS BIG SISTERS OF SAULT STE. MARIE**SCHEDULE OF FUND RAISING**

FOR THE YEAR ENDED DECEMBER 31,	2019	2018
Revenues		
Catch-the-Ace	\$ -	\$ 844,000
DDYC Hockey Invitational	8,100	-
Nevada	24,282	30,503
Other	6,964	29,113
	<hr/> 39,346	<hr/> 903,616
Expenditures		
Fund Raising - Nevada	12,030	16,309
Fund Raising - Other	2,581	8,111
	<hr/> 14,611	<hr/> 24,420
Excess of revenues over expenditures for the year	<hr/> \$ 24,735	<hr/> \$ 879,196