

BIG BROTHERS BIG SISTERS OF WINNIPEG INC.

FINANCIAL STATEMENTS

MARCH 31, 2023



CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

**To the Directors of
Big Brothers Big Sisters of Winnipeg Inc.:**

Opinion

We have audited the financial statements of Big Brothers Big Sisters of Winnipeg Inc. (the Organization), which comprise the statement of financial position as at March 31, 2023, and the statement of operations, statement of changes in net assets and statement of cash flows the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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.

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 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 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.

Other information

Management is responsible for the other information. The other information comprises the annual report which does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 controls.
- 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.

DRAFT

Chartered Professional Accountants

June 26, 2023

Winnipeg, Canada



BIG BROTHERS BIG SISTERS OF WINNIPEG INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash	\$ 445,165	\$ 513,513
Accounts receivable	21,201	30,941
Inventory	4,374	5,248
Prepaid expenses	25,322	31,038
	<u>496,062</u>	<u>580,740</u>
Capital assets (Note 3)	<u>1,841,574</u>	<u>1,895,852</u>
	<u><u>\$ 2,337,636</u></u>	<u><u>\$ 2,476,592</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 51,976	\$ 50,502
Government remittances payable	526	126
Lines of credit (Note 4)	152,215	166,442
Mortgage payable (Note 5)	35,323	39,611
	<u>240,040</u>	<u>256,681</u>
Deferred contributions - capital assets (Note 6)	679,283	707,983
Deferred contributions - programs (Note 7)	137,079	192,645
Mortgage payable (Note 5)	761,877	797,196
	<u>1,818,279</u>	<u>1,954,505</u>
NET ASSETS		
Unappropriated fund:		
Invested in capital assets	212,876	184,620
Appropriated fund:		
Future operations	306,481	337,467
	<u>519,357</u>	<u>522,087</u>
	<u><u>\$ 2,337,636</u></u>	<u><u>\$ 2,476,592</u></u>

APPROVED BY THE BOARD:

	Director
	Director

BIG BROTHERS BIG SISTERS OF WINNIPEG INC.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

	2023	2022
Revenue:		
United Way of Winnipeg	\$ 328,546	\$ 299,503
Government of Canada	6,880	-
Manitoba Family Services and Housing (Note 12)	234,300	257,053
Government of Manitoba - Justice	30,000	30,000
Foundation contributions	151,812	160,582
Other contributions, donations and fundraising	162,023	162,087
Interest	2,301	460
COVID-19 (Note 13)	-	52,436
Big Smiles	263,648	271,116
Amortization of deferred revenue - capital assets	28,700	45,581
	<u>1,208,210</u>	<u>1,278,818</u>
Expenses:		
Advertising and promotion	34,466	9,957
Amortization of capital assets	60,286	74,485
Bank charges and interest	1,517	2,929
Big Smiles	77,174	69,696
Big Smiles - wages and benefits	173,809	154,870
Board expenses	715	100
Caseworkers	1,754	3,136
Computer and technology	10,409	18,421
Criminal records checks	333	372
Dues, fees and memberships	17,831	18,351
Employee benefits	56,998	62,472
Equipment rental	7,578	7,306
Fundraising	15,470	17,469
Insurance	46,114	40,991
Interest - long-term	39,639	37,899
Meetings and travel	2,977	1,086
Newsletter	686	686
Office	6,905	5,282
Postage	2,595	2,244
Premises cleaning, parking and utilities	27,488	23,211
Professional fees	29,045	34,793
Property taxes	11,636	10,950
Recreation	14,691	15,049
Recruitment	3,341	3,881
Salaries	544,883	566,615
Staff development	4,091	5,603
Telephone	4,026	4,106
Vehicle	2,657	3,527
Volunteer recognition	11,826	6,444
	<u>1,210,940</u>	<u>1,201,931</u>
Difference between revenue and expenses	<u>\$ (2,730)</u>	<u>\$ 76,887</u>

BIG BROTHERS BIG SISTERS OF WINNIPEG INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31

	<u>Unappropriated Fund</u>		<u>Appropriated</u> <u>Fund</u>	2023	2022
	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Future operations</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 184,620	\$ 337,467	\$ 522,087	\$ 445,200
Purchases of capital assets	(6,008)	6,008	-	-	-
Repayment on mortgage	(39,607)	39,607	-	-	-
Change in lines of credit	(14,227)	14,227	-	-	-
Difference between revenue and expenses	28,856	(31,586)	-	(2,730)	76,887
Interfund transfer (Note 9)	30,986	-	(30,986)	-	-
Net assets, end of year	<u>\$ -</u>	<u>\$ 212,876</u>	<u>\$ 306,481</u>	<u>\$ 519,357</u>	<u>\$ 522,087</u>

BIG BROTHERS BIG SISTERS OF WINNIPEG INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31

	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:		
Difference between revenue and expenses	\$ (2,730)	\$ 76,887
Items not affecting cash -		
Amortization of deferred contributions - capital assets (Note 6)	(28,700)	(45,581)
Amortization of deferred contributions - programs (Note 7)	(94,025)	(90,354)
Amortization of capital assets	60,286	74,485
Receipt of deferred contributions - capital assets (Note 6)	-	4,024
Receipt of deferred contributions - programs (Note 7)	38,459	67,397
	<u>(26,710)</u>	<u>86,858</u>
Change in non-cash operating working capital items (Note 10)	18,204	6,188
	<u>(8,506)</u>	<u>93,046</u>
Cash flow from investing activities:		
Purchase of capital assets	<u>(6,008)</u>	<u>(10,653)</u>
Cash flow from financing activities:		
Mortgage repayments	(39,607)	(38,136)
Change in lines of credit	<u>(14,227)</u>	<u>(17,357)</u>
	<u>(53,834)</u>	<u>(55,493)</u>
Change in cash	(68,348)	26,900
Cash, beginning of year	<u>513,513</u>	<u>486,613</u>
Cash, end of year	<u><u>\$ 445,165</u></u>	<u><u>\$ 513,513</u></u>

BIG BROTHERS BIG SISTERS OF WINNIPEG INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

1. Nature of operations:

Big Brothers Big Sisters of Winnipeg Inc. (the Organization) was incorporated under the laws of Manitoba as a corporation without share capital. The Organization's mission is to provide children with mentors for friendship, support, and guidance. The Organization is a registered charity and is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the Organization will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

a) Accounting estimates-

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Financial instruments-

Financial instruments are measured at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in difference between revenue and expenses for the period incurred.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. Significant accounting policies (continued):**b) Financial instruments (continued)-**

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative effect of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures all its financial instruments measured at amortized cost.

The Organization assesses impairment of all its financial assets, except those classified at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Impairment is measured as the difference between the asset's carrying value and its fair value. Impairment is included in difference between revenue and expenses.

c) Revenue recognition-

The Organization 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.

Investment income on restricted contributions is recognized as revenue in the year in which the related expenses are incurred.

Revenue from Big Smiles and other contributions, donations and fundraising is recognized upon the delivery of goods and services and when collection can be reasonably assured.

d) Contributed services-

Contributed materials and services that would otherwise be paid for by the Organization are recorded at fair value at the date of contribution.

Volunteers contribute time 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.

e) Inventory-

Inventory is valued at the lower of cost and net realizable value and carried at the average cost of collection and storage of donated items. The cost of inventories comprises the purchase price, non-recoverable taxes, transport and handling costs directly attributable to the acquisition of inventories, net of any discounts or other rebates.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2. Significant accounting policies (continued):

f) Capital assets-

Capital assets are recorded at cost and amortized over their estimated useful lives, except for contributed assets which are recorded at fair market value at the time of the contribution plus all costs directly attributable to the acquisition. This requires estimation of the useful life of the asset and its salvage and residual value. When a capital asset is impaired, the excess of its net carrying amount over the asset's fair value or replacement cost is recognized as an expense. As is true for all accounting estimates, it is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates.

Capital assets are amortized on straight-line basis at the following rates:

Building	40 years
Computer equipment	2 years
Office furniture and equipment	3 - 5 years
Signage	5 years
Vehicle	5 years
Video	2 years

g) Net assets-

Net assets are reported by the Organization through an Unappropriated Fund and an Appropriated Fund. The Unappropriated Fund accounts for the Organization's program delivery and administrative activities and represents unrestricted net assets used for the day-to-day operations of the Organization and funds invested in capital assets. The Appropriated Fund represents internally restricted funds to be used to support future operating expenses and for capital purposes. The internally restricted amount is not available for other purposes without the approval of the Board of Directors.

3. Capital assets:

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 428,000	\$ -	\$ 428,000	\$ -
Building	1,632,311	240,185	1,632,311	199,377
Computer equipment	58,165	51,962	54,757	46,438
Office furniture and equipment	125,020	123,666	125,020	117,328
Signage	15,582	7,791	15,582	4,675
Vehicle	16,000	11,200	16,000	8,000
Video	20,944	19,644	18,344	18,344
	<u>\$ 2,296,022</u>	<u>\$ 454,448</u>	<u>\$ 2,290,014</u>	<u>\$ 394,162</u>
Net book value	<u>\$ 1,841,574</u>		<u>\$ 1,895,852</u>	

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

4. Lines of credit:

The Organization has a line of credit for operations in the amount of \$50,000 (2022 - \$50,000) of which \$nil was drawn at year end (2022 - \$nil). The line of credit bears interest at prime plus 1.55% (2022 - prime plus 1.55%) and is secured by a general security agreement. The operating line of credit is renewed on an annual basis at the discretion of the lender.

The Organization has a line of credit for capital asset purchases in the amount of \$839,000 (2022 - \$839,000) of which \$152,215 (2022 - \$166,442) was drawn at year end. The line of credit bears interest at prime plus 0.40% (2022 - prime plus 0.40%) and is secured by a general security agreement. The operating line of credit is renewed on an annual basis at the discretion of the lender.

5. Mortgage:

	<u>2023</u>	<u>2022</u>
Mortgage on land and building, repayable in monthly instalments of \$5,887 representing principal and interest calculated at 3.79% due June 2023.	\$ 797,200	\$ 836,807
Less: Current portion of mortgage	<u>(35,323)</u>	<u>(39,611)</u>
	<u>\$ 761,877</u>	<u>\$ 797,196</u>

Subsequent to March 31, 2023, the Organization renewed the mortgage for 36 months ending May 1, 2026 resulting in monthly instalments of \$7,240, representing principal and interest calculated at 6.20%.

The future principal payments are as follows:

2024	\$ 35,323
2025	40,773
2026	43,375
2027	677,729
	<u>\$ 797,200</u>

6. Deferred contributions - capital assets:

Deferred contributions - capital assets include the unamortized portions and the unspent amount of restricted contributions for the purchase of capital assets. The amortization of deferred contributions is recorded as revenue in the statement of operations over the useful life of the asset. Changes in the deferred contributions - capital assets balance are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 707,983	\$ 749,540
Contributions for capital assets	-	4,024
Amortization	<u>(28,700)</u>	<u>(45,581)</u>
Ending balance	<u>\$ 679,283</u>	<u>\$ 707,983</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

7. Deferred contributions - programs:

Changes in the deferred contributions - programs are as follows:

	Find Your Dreams	Irene Waddell	Sprout	Programs	2023	2022
Balance, beginning of year	\$ 5,084	\$ 15,926	\$ -	\$ 171,635	\$ 192,645	\$ 215,602
Contributions received	-	-	2,000	36,459	38,459	67,397
Amounts amortized to revenue	-	-	-	(94,025)	(94,025)	(90,354)
Balance, end of year	<u>\$ 5,084</u>	<u>\$ 15,926</u>	<u>\$ 2,000</u>	<u>\$ 114,069</u>	<u>\$ 137,079</u>	<u>\$ 192,645</u>

The Find Your Dreams contribution was from the Climb for Kids fund-raising campaign. All funds raised for the Find Your Dreams program are specifically designated for Aboriginal children and youth to provide meaningful learning, growth and skill development opportunities as identified by Aboriginal children and their families.

The continuing bequest by the niece of Irene Waddell designates that the funds be used to benefit the physical, mental, and spiritual well-being of girls, as well as for the recruitment of Big Sister volunteers. Income from the investments may be distributed at the discretion of the Board.

The contributions for the Sprout program are designated by the donors to provide assistance for short-term psychological therapy services and support for mentors encountering challenging situations with mentees.

The contributions for programs are designated by the donors and funders for programs that will take place in the next fiscal year.

8. Lease commitments:

The Organization leases certain operational equipment under operating leases. Future annual minimum lease payments under these contracts are as follows:

2024	\$ 41,843
2025	38,774
2026	38,160

9. Inter-fund transfers:

During the year, the Board of Directors authorized the transfer of \$30,986 (2022 - \$43,669) from the Appropriate Fund to the Unrestricted Fund (2022 - Unrestricted Fund to the Appropriated Fund - Future operations).

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

10. Net change in non-cash working capital:

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 9,740	\$ 12,903
Inventory	874	717
Prepaid expenses	5,716	(1,882)
Accounts payable	1,474	(5,676)
Government remittances payable	400	126
	<u>\$ 18,204</u>	<u>\$ 6,188</u>

11. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Organization has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them, are as follows:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main sources of liquidity are its operations and external contributions. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.

Interest rate risk-

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as interest rate cash flow risk, or on the fair value of other financial assets or liabilities, known as interest rate price risk. Investing in fixed rate marketable securities with longer durations and obtaining a fixed rate mortgage minimizes interest rate price risk. Obtaining lines of credit with variable interest rates minimizes cash flow risk.

Credit risk-

Credit risk arises from the possibility that debtors may be unable to fulfill their commitments. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Organization has credit policies to address credit risk on accounts receivable, which may include the analysis of the financial position of the debtor and review of credit limits. The Organization also may review credit history before establishing credit and reviews credit performance. An allowance for doubtful accounts or other impairment provisions are established based upon factors surrounding credit risk, historical trends and other information. No allowance for doubtful accounts has been recorded.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

12. Manitoba Family Services and Housing:

Manitoba Family Services and Housing (Family Services) requires a reconciliation of funding provided to the Organization.

	<u>2023</u>	<u>2022</u>
Deferred contribution - programs, beginning of year	\$ -	\$ 22,753
Funding received from Family Services during the year	234,300	234,300
Revenue recognized during the year	(234,300)	(257,053)
Deferred contribution - programs, end of year	<u>\$ -</u>	<u>\$ -</u>
Expenses:		
Caseworkers	\$ 755	\$ 2,634
Computer and technology	498	-
Criminal records checks	-	278
Employee benefits	18,937	15,572
Insurance	11,250	26,294
Meetings and travel	809	69
Recreation	-	589
Recruitment	189	241
Salaries	198,539	207,993
Staff development	-	846
Volunteer recognition	3,323	2,537
	<u>\$ 234,300</u>	<u>\$ 257,053</u>

13. COVID-19

The Organization received government monies related to COVID-19 as follows:

	<u>2023</u>	<u>2022</u>
Canada Emergency Wage and Temporary Wage Subsidies	\$ -	\$ 47,436
Manitoba Bridge Grant	-	5,000
	<u>\$ -</u>	<u>\$ 52,436</u>