

**BIG BROTHERS BIG SISTERS
OF TORONTO**

FINANCIAL STATEMENTS

DECEMBER 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Members of Big Brothers Big Sisters of Toronto

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters of Toronto ("the Organization"), which comprise the statement of financial position as at December 31, 2023, 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, 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 charitable organizations, the Organization derives part of its revenue from donations and fundraising events, 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 unable to determine whether, as at and for the years ended December 31, 2023 and December 31, 2022, any adjustments might be necessary to donations and fundraising event revenue, deficiency of revenues over expenditures reported in the statements of operations, deficiency of revenue over expenditures reported in the statements of cash flows and current assets and net assets reported in the statements of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended December 31, 2022.

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 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.

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.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

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.

MacGillivray Brampton

Mississauga, Ontario
May 15, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS



BIG BROTHERS BIG SISTERS OF TORONTO

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
ASSETS		
Current		
Cash	\$ 1,415,875	\$ 824,779
Accounts receivable (Note 3)	259,148	141,550
Prepaid expenses	89,818	107,056
Short-term investments (Note 4)	<u>68,220</u>	<u>523,981</u>
	1,833,061	1,597,366
Prepaid expenses long-term	3,272	-
Charitable life insurance - cash surrender value	78,378	75,690
Capital assets (Note 5)	174,345	150,489
Restricted cash (Notes 9 & 10)	412,709	-
Investments (Notes 9 & 10)	<u>-</u>	<u>412,323</u>
	<u>\$ 2,501,765</u>	<u>\$ 2,235,868</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 164,154	\$ 113,599
Deferred revenue (Note 7)	707,307	457,661
Current portion of long-term debt (Note 8)	<u>12,659</u>	<u>12,043</u>
	884,120	583,303
Deferred revenue long-term (Note 7)	10,000	79,333
Long-term debt (Note 8)	8,797	21,457
Deferred contribution related to capital assets (Note 5)	28,900	-
Deferred lease inducement	<u>45,000</u>	<u>51,750</u>
	<u>976,817</u>	<u>735,843</u>
LEASE COMMITMENTS (Note 13)		
CONTINGENT LIABILITIES (Note 15)		
NET ASSETS		
Externally restricted (Note 9)	306,117	308,705
Internally restricted (Note 10)	106,592	103,618
Unrestricted	<u>1,112,239</u>	<u>1,087,702</u>
	<u>1,524,948</u>	<u>1,500,025</u>
	<u>\$ 2,501,765</u>	<u>\$ 2,235,868</u>

Approved on behalf of the board

Chair



Treasurer



See accompanying Notes to the financial statements



BIG BROTHERS BIG SISTERS OF TORONTO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 (Note 16)
Revenue		
Grants		
United Way of Greater Toronto	\$ 494,031	\$ 483,063
Big Brothers Big Sisters of Canada	293,731	321,936
Government	195,863	212,456
Donations		
Corporations and foundations	1,129,545	552,932
Individuals	514,932	629,120
Fundraising events and activities (Note 11)	1,745,942	1,491,300
Scholarship funding	-	5,028
Investment income	38,625	11,989
Other	8,878	6,534
	<u>4,421,547</u>	<u>3,714,358</u>
Expenditures		
Salaries and related benefits	2,964,102	2,369,848
Fundraising events and activities (Note 11)	387,367	394,065
Professional/ Consulting	345,020	336,682
Building occupancy	212,325	192,506
Computer supplies and services	125,524	121,954
Office supplies and services	67,682	63,967
Insurance	63,825	66,621
Program expenses	59,037	35,039
Staff development	40,992	30,458
Amortization	29,406	20,268
Bad debts (recovery)	27,000	(10,000)
Volunteer recruitment and retention	26,122	46,516
Membership dues	18,700	18,863
Bank charges	16,424	23,983
Scholarships	11,697	5,028
Interest on long-term debt	1,401	3,087
	<u>4,396,624</u>	<u>3,718,885</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 24,923</u>	<u>\$ (4,527)</u>



BIG BROTHERS BIG SISTERS OF TORONTO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<i>Externally restricted</i>	<i>Internally restricted</i>	<i>Unrestricted</i>	<i>2023 Total</i>	<i>2022 Total</i>
Net assets, beginning of year	\$ 308,705	\$ 103,618	\$ 1,087,702	\$ 1,500,025	\$ 1,504,552
Excess (deficiency) of revenue over expenses	<u>(2,588)</u>	<u>2,974</u>	<u>24,537</u>	<u>24,923</u>	<u>(4,527)</u>
Balance, ending of year	<u>\$ 306,117</u>	<u>\$ 106,592</u>	<u>\$ 1,112,239</u>	<u>\$ 1,524,948</u>	<u>\$ 1,500,025</u>

See accompanying Notes to the financial statements



BIG BROTHERS BIG SISTERS OF TORONTO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Cash flows from operating activities		
Excess (deficiency) of revenue over expenditures	\$ 24,923	\$ (4,527)
Adjustments for items not affecting cash		
Amortization of capital assets	29,406	20,268
Increase in cash surrender value of life insurance	(2,688)	(2,504)
Donation of securities	(2,550)	(37,337)
Realized loss on sale of investments	15	1,567
Amortization of lease inducement	(6,750)	(6,750)
Change in non-cash working capital items		
Accounts receivable	(117,598)	43,545
Federal government assistance receivable	-	7,431
Prepaid expenses	13,966	14,391
Accounts payable and accrued liabilities	50,554	19,428
Deferred revenue	180,313	264,478
	<u>169,591</u>	<u>319,990</u>
Cash flows from investing activities		
Purchase of investments	(1,065,670)	(909,764)
Proceeds from sale of investments	1,936,289	663,467
Purchase of capital assets	(24,362)	(22,950)
	<u>846,257</u>	<u>(269,247)</u>
Cash flows from financing activities		
Repayment of long-term debt	(12,043)	(11,749)
Increase in cash	1,003,805	38,994
Cash, beginning of year	824,779	785,785
Cash, end of year	<u>\$ 1,828,584</u>	<u>\$ 824,779</u>
Cash consists of:		
Cash	\$ 1,415,875	\$ 824,779
Restricted cash	412,709	-
	<u>\$ 1,828,584</u>	<u>\$ 824,779</u>

See accompanying Notes to the financial statements



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. DESCRIPTION

Big Brothers Big Sisters of Toronto (the "Organization") is a chartered member of Big Brothers Big Sisters of Canada, recruits, matches and monitors volunteers to children and youth from families living in Toronto in order to positively influence the children's/youths' developmental growth. The Organization is incorporated under the Ontario Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act. Accordingly, it is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the Chartered Professional Accountants of Canada Handbook. Significant accounting policies adopted by the Organization are as follows:

(a) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized in 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.

Contributions for capital assets are recognized as revenue on the same basis as the amortization of the related asset.

Government assistance is recognized when there is reasonable assurance that the Organization will comply with the conditions required to qualify for the subsidy, and the subsidy is reasonably assured to be received. The Organization recognizes government assistance as revenue.

(b) Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided using the straight-line method over the following periods:

Furniture and fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	over the lease term
Computer equipment	Straight-line	3 years

(c) Lease inducements

Lease inducements are amortized on a straight-line basis over the term of the lease and are recorded as a reduction in building occupancy expense.



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are measured at amortized cost except for investments which are measured at fair value. Changes in fair value are recognized in the statement of operations

Financial assets subsequently measured at amortized cost are accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment.

(e) Contributed materials and services

The Organization is dependent on the ongoing support of volunteers to assist the Organization in delivering its services. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Contributed program materials are recorded at fair value, when determinable, on receipt of the item and are recorded as "in-kind" revenue if the donated item would have been purchased by the Organization in the normal course of operations. A corresponding "in-kind" expense is recorded at an equal amount.

(f) 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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management'S best estimates as additional information becomes available in the future. Accounts specifically affected by estimates in these financial statements are accounts receivable, accounts payable and accrued liabilities, and deferred revenue.

3. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable	\$ 284,148	\$ 141,550
Less allowance for doubtful accounts	(25,000)	-
	<u>\$ 259,148</u>	<u>\$ 141,550</u>



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4. RESTRICTED INVESTMENT

The terms of the corporate credit agreement with the Royal Bank of Canada were revised in the current year to require the Organization to hold \$65,000 in the form of a guaranteed investment certificate ("GIC") as security, and it is thus not available for use in operations. At December 31, 2023, short-term investments includes the GIC which has a balance of \$65,670 including accrued interest. The restricted investment is classified as a current asset since it is held as collateral for the credit card liability which is a current liability. The outstanding balance on the credit card at December 31, 2023 is \$132 and has been included in accounts payable and accrued liabilities on the statement of financial position.

5. CAPITAL ASSETS

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2023 Net book value</i>	<i>2022 Net book value</i>
Furniture and fixtures	\$ 5,374	\$ 3,762	\$ 1,612	\$ 2,687
Leasehold improvements	168,977	58,172	110,805	127,425
Computer equipment	76,211	14,283	61,928	20,377
	<u>\$ 250,562</u>	<u>\$ 76,217</u>	<u>\$ 174,345</u>	<u>\$ 150,489</u>

In the current year, the Organization received a donation of computer equipment which was recorded at a fair value of \$28,900. The donated computer equipment was not in use in the current year, as a result no amortization has been taken.

6. CREDIT FACILITY

The Organization closed its \$150,000 credit facility with the Royal Bank of Canada when it transferred its banking requirements to The Bank of Nova Scotia in the current year.

The Organization entered a new credit facility of \$250,000 available to fund operations. The amount outstanding at December 31, 2023 is \$nil (2022 - \$nil). Any outstanding amount is due on demand and bears interest at The Bank of Nova Scotia's prime lending rate plus 1%. The Organization has pledged a general security agreement over all assets as collateral for this facility. Furthermore, there is a financial covenant that the Organization must uphold in order for the credit to be available.



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7. DEFERRED REVENUE

Deferred revenue reported in the statement of financial position represents restricted operating funding received in the current period that is related to a subsequent period.

	2023	2022
Short-term		
Big Brothers Big Sisters of Canada funding	\$ 115,143	\$ 116,838
Government grants	31,891	35,102
Other grants	321,705	90,610
Program/event donations	6,736	23,278
Donations	<u>231,832</u>	<u>191,833</u>
	707,307	457,661
Long-term		
Donations	<u>10,000</u>	<u>79,333</u>
	<u>\$ 717,307</u>	<u>\$ 536,994</u>

Changes in deferred revenue are as follows:

	2023	2022
Beginning balance	\$ 536,994	\$ 272,516
Less amount recognized as revenue in the year	(457,661)	(272,229)
Add amount received related to subsequent periods	<u>637,974</u>	<u>536,707</u>
	<u>\$ 717,307</u>	<u>\$ 536,994</u>

8. LONG-TERM DEBT

On June 4, 2020, the Organization entered into a Lease Extension and Amending Agreement for the lease of office space. In accordance with the terms of the agreement the landlord deferred the payment of \$58,500 of rent. The rent obligation plus \$871 of interest was converted into a 5 year term loan. The loan is unsecured.

	2023
Loan bearing interest at 5% with monthly blended payments of \$1,120 and maturing August 31, 2025	\$ 21,457
Less current portion	<u>12,659</u>
Due beyond one year	<u>\$ 8,797</u>

Principal re-payments for the term of the loan are as follows:

	2023
2024	\$ 12,659
2025	<u>8,797</u>
	<u>\$ 21,456</u>

During the year interest expense on the above-noted debt amounted to \$1,401 (2022 - \$1,988).



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. EXTERNALLY RESTRICTED NET ASSETS

	2023	2022
Estate of William Solomon	<u>\$ 306,117</u>	<u>\$ 308,705</u>

These funds are set up with external commitments and obligations. The funds are not to be used for any other purpose but for their sole purpose as stated below:

The purpose of this fund is to award scholarships to eligible participants of Big Brothers Big Sisters of Toronto programs in pursuing post secondary education. This fund has a principal value of \$250,000 and is not to be encroached upon. The fund forms part of the restricted cash balance at December 31, 2023 as the funds are not available for current use beyond the expected scholarship disbursements each year. In the prior year, the fund formed part of the long-term investment balance. Interest earned on the assets of the fund are recognized in the fund.

10. INTERNALLY RESTRICTED NET ASSETS

	2023	2022
Reserve Fund	<u>\$ 106,592</u>	<u>\$ 103,618</u>

The purpose of this fund is to allow the Organization to meet its critical expense obligations should it experience deficits, as a result of revenue shortfalls. The intent, over time, is for the Organization to build up funds that allows the Organization to cover 6 months of expenses, if required to do so. The fund forms part of the restricted cash balance at December 31, 2023. In the prior year, the fund formed part of the long-term investment balance. Interest earned on the assets of the fund are recognized in the fund.

Changes to the internally restricted net assets require Board approval.

11. SCHEDULE OF FUNDRAISING EVENTS AND ACTIVITIES

	Revenue	Expenses	2023 Net	2022 Net
The Big Chill	\$ 138,400	\$ (75,380)	\$ 63,020	\$ 63,306
Big Night Out	889,457	(293,735)	595,722	504,711
Third Party Fundraising	717,799	(848)	716,951	529,386
Big and Little events	<u>286</u>	<u>(17,404)</u>	<u>(17,118)</u>	<u>(168)</u>
	<u>\$ 1,745,942</u>	<u>\$ (387,367)</u>	<u>\$ 1,358,575</u>	<u>\$ 1,097,235</u>

Revenue and expenses do not include the value of donated materials and services.



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12. FINANCIAL INSTRUMENTS

Financial instrument risk exposure and management

Management has established policies and procedures to manage risks related to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessments of these risks is as follows:

General objective, policies and processes

The Board and management are responsible for the determination of the Organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies. In general, the Organization measures and monitors risk through the preparation and review of monthly reports.

It is management's opinion that the Organization is not exposed to any significant foreign currency or credit risk arising from its financial instruments. All of the Organization's cash and investments are held at major Canadian financial institutions.

(a) Liquidity risk

Liquidity risk is defined as the risk that the Organization may not be able to settle or meet its obligations as they become due. The Organization is exposed to this risk mainly in respect of its long-term debt and its accounts payable. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Interest rate risk

The Organization is exposed to interest rate risk on its fixed rate long-term debt. Fixed rate instruments subject the Organization to risk of changes in fair value.

There have been no changes to the assessed risk exposure from the prior year.

13. LEASE COMMITMENTS

The Organization is committed to the following annual lease payments for office space and equipment in the years ended December 31:

2024	\$ 256,000
2025	238,000
2026	245,000
2027	245,000
2028	244,000
Thereafter	<u>404,000</u>
	<u>\$ 1,632,000</u>



BIG BROTHERS BIG SISTERS OF TORONTO

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

14. GUARANTEES

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee. The Organization's primary guarantees are as follows:

(a) The Organization has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the Organization agrees to indemnify the counterpart for various items including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(B) Indemnity has been provided to all directors and/or officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to association with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Organization. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterpart. Historically, the Organization has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

15. CONTINGENT LIABILITIES

In the normal course of operations the Organization receives statements of claim; however the outcome of these claims are uncertain and, as a result no amounts have been accrued in these financial statements. The Organization will record the loss, if any, when the outcomes and settlement amounts are readily determinable, net of any insurance coverage.

16. COMPARATIVE FIGURES

Certain comparative figures in the statement of operations have been reclassified to conform with the financial statement presentation adopted in the current year. There has been no change to the reported net deficit for the prior year.

