



## Financial Statements

The St. Catharines, Thorold and District Big  
Brothers, Big Sisters Association,  
Incorporated

December 31, 2018

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# Independent Auditor's Report

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**Grant Thornton LLP**  
80 King Street  
Suite 200  
St. Catharines, ON  
L2R 7G1

T +1 905 682 8363  
F +1 905 682 2191  
www.GrantThornton.ca

To the Members of  
The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

## Qualified opinion

We have audited the financial statements of The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated, which comprise the statement of financial position as at December 31, 2018, and the statements of revenues, expenses and net assets and 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 section of our report, the financial statements present fairly, in all material respects, the financial position of The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated as at December 31, 2018 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 donations and special events revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in 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 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 association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

# Independent Auditor's Report (continued)

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.

## **Report on other legal and regulatory requirements**

As required by Section 96(2) of the Corporations Act, we report that, in our opinion, the accounting principles have been applied on a basis consistent with that of the preceding year.

*Grant Thornton LLP*

St. Catharines, Canada  
June 6, 2019

Chartered Professional Accountants  
Licensed Public Accountants

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# The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

## Statement of Financial Position

December 31

2018

2017

### Assets

#### Current

|                                |                |                |
|--------------------------------|----------------|----------------|
| Cash                           | \$ 238,597     | \$ 102,096     |
| Term deposits                  | 5,489          | 139,749        |
| Marketable securities (Note 4) | 204,720        | 12,318         |
| Accounts receivable            | 38,865         | 1,706          |
| HST receivable                 | 11,748         | 9,802          |
| Prepaid expenses               | <u>2,142</u>   | <u>14,094</u>  |
|                                | <b>501,561</b> | <b>279,765</b> |

#### Long-term

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Property and equipment (Note 5) | <u>210,005</u>    | <u>214,474</u>    |
|                                 | <b>\$ 711,566</b> | <b>\$ 494,239</b> |

### Liabilities

#### Current

|  |               |               |
|--|---------------|---------------|
| Accounts payable and accrued liabilities | \$ 24,982     | \$ 16,155     |
| Government remittances payable           | 10,892        | 9,201         |
| Deferred grant revenue (Note 6)          | <u>43,910</u> | <u>30,537</u> |
|  | <b>79,784</b> | <b>55,893</b> |

### Net assets

|   |                   |                   |
|---|-------------------|-------------------|
| Net assets invested in property and equipment | 210,005           | 214,474           |
| Unrestricted                                  | <u>421,777</u>    | <u>223,872</u>    |
|   | <b>631,782</b>    | <b>438,346</b>    |
|   | <b>\$ 711,566</b> | <b>\$ 494,239</b> |

On behalf of the board



Director



Director

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## The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

### Statement of Revenues, Expenses and Net Assets

Year ended December 31 2018 2017

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|  |                   |                   |
|--|-------------------|-------------------|
| Revenues   |                   |                   |
| Donations  | \$ 249,519        | \$ 192,719        |
| United Way   | 77,996            | 69,996            |
| Special events   | 243,605           | 226,492           |
| Grants (Note 6)  | 162,944           | 180,938           |
| Investment income (loss) (Note 7)  | (13,808)          | 3,698             |
| Other income   | <u>448</u>        | <u>4,312</u>      |
|  | <u>720,704</u>    | <u>678,155</u>    |
| Expenses   |                   |                   |
| Salaries and benefits  | 498,171           | 449,034           |
| Subcontract services   | 42,670            | 34,402            |
| Special events   | 48,996            | 51,011            |
| Program costs  | 15,442            | 7,587             |
| Organizational development   | 9,029             | 1,067             |
| Dues and fees  | 17,444            | 11,343            |
| Promotion  | 7,665             | 9,415             |
| Office   | 22,780            | 24,600            |
| Professional fees  | 5,619             | 5,997             |
| Mileage  | 7,567             | 6,224             |
| Insurance and property taxes   | 15,455            | 15,786            |
| Rent   | 3,118             | -                 |
| Utilities and telephone  | 11,760            | 11,112            |
| Repairs and maintenance  | 7,723             | 16,206            |
| Bank charges and interest  | 6,395             | 7,124             |
| Amortization   | <u>7,263</u>      | <u>7,068</u>      |
|  | <u>727,097</u>    | <u>657,976</u>    |
| (Deficiency) excess of revenues over expenses  | \$ <u>(6,393)</u> | \$ <u>20,179</u>  |
| <hr/>  |                   |                   |
| Net assets, beginning of year  | \$ 438,346        | \$ 418,167        |
| (Deficiency) excess of revenues over expenses  | (6,393)           | 20,179            |
| Net assets transfer from Big Brothers Big Sisters of Grimsby,<br>Lincoln and West Lincoln (Note 2) | <u>199,829</u>    | <u>-</u>          |
| Net assets, end of year  | <u>\$ 631,782</u> | <u>\$ 438,346</u> |

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## The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

### Statement of Cash Flows

| December 31                                     | 2018                     | 2017                     |
|---|--------------------------|--------------------------|
| Increase (decrease) in cash                     |                          |                          |
| <b>Operating</b>                                |                          |                          |
| (Deficiency) excess of revenues over expenses   | \$ (6,393)               | \$ 20,179                |
| Amortization                                    | 7,263                    | 7,068                    |
| Unrealized loss (gain) on marketable securities | <u>25,485</u>            | <u>(744)</u>             |
|   | <b>26,355</b>            | 26,503                   |
| Change in non-cash working capital items        |                          |                          |
| Accounts and HST receivable                     | (39,105)                 | 6,188                    |
| Prepaid expenses                                | 11,952                   | (11,601)                 |
| Accounts payable and accrued liabilities        | 10,518                   | 1,202                    |
| Deferred grant revenue                          | <u>13,373</u>            | <u>(2,184)</u>           |
|   | <b><u>23,093</u></b>     | <b><u>20,108</u></b>     |
| <b>Investing</b>                                |                          |                          |
| Purchase of marketable securities               | (18,058)                 | (6,122)                  |
| Redemption (purchase) of term deposits          | 134,260                  | (8,161)                  |
| Purchase of property and equipment              | <u>(2,794)</u>           | <u>(6,454)</u>           |
|   | <b><u>113,408</u></b>    | <b><u>(20,737)</u></b>   |
| Increase (decrease) in cash                     | <b>136,501</b>           | (629)                    |
| Cash  |                          |                          |
| Beginning of year                               | <u>102,096</u>           | <u>102,725</u>           |
| End of year                                     | <b><u>\$ 238,597</u></b> | <b><u>\$ 102,096</u></b> |

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# The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

## Notes to the Financial Statements

December 31, 2017

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### 1. Nature of operations

The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated (Association) was established to provide companionship and guidance to single parent children. The Association is incorporated by Letters Patent as a corporation without share capital under the laws of Ontario, and is a registered charity under the Income Tax Act. As such it is exempt from income taxes.

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### 2. Net assets transfer

On August 31, 2018 Big Brothers Big Sisters of Grimsby, Lincoln and West Lincoln voluntarily revoked its registration as a charity and transferred all of its net assets in the amount of \$199,829 to The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated. The Association invested the unrestricted funds transferred in marketable securities.

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### 3. Significant accounting policies

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all of its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized on the statement of revenues, expenses and net assets.

Financial assets and liabilities measured at amortized cost include cash, term deposits, contributions receivable and HST receivable, accounts payable and accrued liabilities.

#### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in excess of revenues over expenses.



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# The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

## Notes to the Financial Statements

December 31, 2017

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### 3. Significant accounting policies (continued)

#### Property and equipment

Capital assets are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is provided for over the estimated useful life of the asset.

The amortization rates and methods used for each class of capital assets are:

|                         |     |                     |
|-------------------------|-----|---------------------|
| Building                | 4%  | Declining balance   |
| Furniture and equipment | 20% | Declining balance   |
| Computers               | 3   | Years straight-line |

#### Revenue recognition

The Association follows the deferral method of accounting for contributions which include donations and grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized.

#### Cash and cash equivalents

The Association's policy is to present bank balances under cash and cash equivalents, term deposits are disclosed separately.

#### Contributed material and services

The Association receives benefits from a substantial amount of volunteer services as well as donations in kind of merchandise; no amounts have been reflected in the statements for these items.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to excess of revenues over expenses as appropriate in the year they become known.

Items subject to significant management estimates include estimated useful lives of property and equipment and revenue recognition of deferred grants.

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# The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

## Notes to the Financial Statements

December 31, 2017

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#### 4. Marketable securities

|  | 2018              | % of total   | 2017             | % of total   |
|--|-------------------|--------------|------------------|--------------|
| Investments quoted in an active market, at fair value: |                   |              |                  |              |
| Mutual funds   | \$ 187,434        | 92 %         | \$ -             | - %          |
| Equities   | <u>17,286</u>     | <u>8 %</u>   | <u>12,318</u>    | <u>100 %</u> |
|  | <u>\$ 204,720</u> | <u>100 %</u> | <u>\$ 12,318</u> | <u>100 %</u> |

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#### 5. Property and equipment

|                         | 2018              | 2017                     |                   |                   |
|-------------------------|-------------------|--------------------------|-------------------|-------------------|
|                         | Cost              | Accumulated Amortization | Net Book Value    | Net Book Value    |
| Land                    | \$ 114,895        | \$ -                     | \$ 114,895        | \$ 114,895        |
| Building                | 215,691           | 128,594                  | 87,097            | 90,726            |
| Furniture and equipment | 62,440            | 56,650                   | 5,790             | 4,550             |
| Computers               | <u>28,233</u>     | <u>26,010</u>            | <u>2,223</u>      | <u>4,303</u>      |
|                         | <u>\$ 421,259</u> | <u>\$ 211,254</u>        | <u>\$ 210,005</u> | <u>\$ 214,474</u> |

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#### 6. Deferred grant revenue

Deferred grant revenues relate to restricted contributions for special projects or specified purposes. These grants and the changes in the deferred revenue balances are as follows:

|  | 2017             | Amount received / receivable | Amount recognized   | 2018             |
|--|------------------|------------------------------|---------------------|------------------|
|  | Deferred balance |                              |                     | Deferred balance |
| Ontario Trillium Foundation Capital Grant (2007) | \$ 1,137         | \$ -                         | \$ (227)            | \$ 910           |
| Ontario Trillium Foundation Grant                | 29,400           | 31,100                       | (60,500)            | -                |
| Ontario Ministry of Education Grant              | -                | 63,105                       | (63,105)            | -                |
| Game On! and Go Girls! Grants                    | -                | 34,568                       | (34,568)            | -                |
| Niagara Community Foundation Grant               | -                | 10,000                       | (2,000)             | 8,000            |
| Canada Summer Jobs Grant                         | -                | 1,544                        | (1,544)             | -                |
| The Branscombe Family Foundation Grant           | -                | 35,000                       | -                   | 35,000           |
| The May Court Club of St. Catharines Grant       | -                | 1,000                        | (1,000)             | -                |
|  | <u>\$ 30,537</u> | <u>\$ 176,317</u>            | <u>\$ (162,944)</u> | <u>\$ 43,910</u> |

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# The St. Catharines, Thorold and District Big Brothers, Big Sisters Association, Incorporated

## Notes to the Financial Statements

December 31, 2017

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### 7. Investment income

Investment income earned on investments recorded at fair value consists of the following:

|   | <u>2018</u>        | <u>2017</u>     |
|---|--------------------|-----------------|
| Interest and other mutual fund distributions    | \$ 10,910          | 2,745           |
| Dividend income                                 | 767                | 209             |
| Unrealized (loss) gain on marketable securities | <u>(25,485)</u>    | <u>744</u>      |
|   | <u>\$ (13,808)</u> | <u>\$ 3,698</u> |

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### 8. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2018:

#### Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is mainly exposed to interest rate risk and other price risk.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk with respect to investments in fixed rate term deposits.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk primarily through its holdings of marketable securities.

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### 9. Subsequent event

Subsequent to year ended December 31, 2018 the Board of Directors approved a change in name of the Association to Big Brothers Big Sisters of North & West Niagara.

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**The St. Catharines, Thorold and District  
Big Brothers, Big Sisters Association, Incorporated  
Notes to the Financial Statements**

December 31, 2017

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**10. Comparative figures**

Certain of the comparative figures have been reclassified to conform to changes in the financial statement presentation adopted for the current year.

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