
Financial statements of
Big Brothers - Big Sisters of
Saint John Inc.

December 31, 2019

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Independent Practitioner's Review Engagement Report

To the Directors of
Big Brothers – Big Sisters of Saint John Inc.

We have reviewed the statement of financial position of Big Brothers – Big Sisters of Saint John Inc. (the "Organization") as at December 31, 2019 and the statements of revenues and expenses – Operating Fund, fund balances, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Big Brothers – Big Sisters of Saint John Inc. as at December 31, 2019, 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.

Deloitte LLP

Chartered Professional Accountants
May 21, 2020

Big Brothers - Big Sisters of Saint John Inc.**Statement of revenues and expenses - Operating Fund**

Year ended December 31, 2019

(Unaudited)

		2019	2018
	Notes	\$	\$
Revenues			
Bowl for Kids		150,742	242,869
Other grants and sponsorships	8	121,583	43,907
United Way of Greater Saint John grant		69,442	69,100
Fundraising events		61,740	65,724
Province of New Brunswick grant		28,260	28,260
Donations		23,349	15,622
Employment grants		19,748	13,105
Sundry income		2,023	1,151
		476,887	479,738
Expenses			
Salaries		306,479	264,168
Employee benefits		29,715	23,184
Programs and other		20,270	13,942
Office supplies and postage		13,807	8,941
Insurance		12,609	12,482
Fundraising		11,773	9,206
Travel allowances		8,884	7,828
Dues and subscriptions		8,000	8,000
Meetings		7,953	1,337
HST		7,237	4,389
Telephone		7,125	6,395
Rent		6,917	6,000
Professional fees		6,553	5,665
Bowl for Kids	9	5,062	4,143
Parking		5,052	2,770
Amortization		4,474	317
Grants		3,952	—
Advertising and promotion		3,497	2,893
Training		2,281	935
Go Girl Program		2,102	3,173
Bank charges and interest		386	550
		474,128	386,318
Excess of revenues over expenses		2,758	93,420

The accompanying notes are an integral part of the financial statements.

Big Brothers - Big Sisters of Saint John Inc.**Statement of fund balances**

Year ended December 31, 2019

(Unaudited)

	Notes	2019 \$	2018 \$
Stabilization Fund	6		
Balance, beginning of year		100,000	50,000
Transfer to Operating Fund		(1,391)	(627)
Interest earned and bank charges, net		1,391	627
Transfer from Operating Fund		—	50,000
Balance, end of year		100,000	100,000
George Hitchcock Endowment Fund	7		
Balance, beginning of year		45,294	46,286
Donations		5,000	1,075
Financial support provided		(2,020)	(1,182)
Unrealized gain (loss) on investments		995	(1,530)
Interest earned and bank charges, net		604	645
Balance, end of year		49,873	45,294
Operating Fund			
Balance, beginning of year		115,519	71,472
Transfer from Stabilization Fund		1,391	627
Transfer to Stabilization Fund		—	(50,000)
Excess of revenues over expenses		2,758	93,420
Balance, end of year		119,668	115,519

The accompanying notes are an integral part of the financial statements.

Big Brothers - Big Sisters of Saint John Inc.**Statement of financial position**

As at December 31, 2019

(Unaudited)

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash		128,350	179,390
Restricted cash	7	32,449	28,135
Investments	3	125,544	119,739
Accounts receivable		11,938	4,411
Inventory of supplies		200	200
Prepaid expenses		—	10,696
		298,481	342,571
Capital assets	4	10,123	720
		308,604	343,291
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		7,974	7,587
Deferred revenue	5	31,089	74,891
		39,063	82,478
Fund balances			
Stabilization Fund	6	100,000	100,000
George Hitchcock Endowment Fund	7	49,873	45,294
Operating Fund		119,668	115,519
		269,541	260,813
		308,604	343,291

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

_____, Director

_____, Director

Big Brothers - Big Sisters of Saint John Inc.**Statement of cash flows**

Year ended December 31, 2019

(Unaudited)

	2019	2018
Notes	\$	\$
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess of revenue over expenses for the year	2,758	93,420
Financial support provided	(2,020)	(1,182)
Donations to George Hitchcock Endowment Fund	5,000	1,075
Item not requiring use of cash:		
Amortization	4,474	317
Net change in non-cash operating working capital items:		
Accounts receivable	(7,527)	799
Prepaid expenses	10,696	(994)
Accounts payable and accrued liabilities	387	1,073
Deferred revenue	(43,802)	52,036
	(30,034)	146,544
Investing		
Purchase of capital assets	(13,878)	—
Purchase of investments	(4,125)	(54,122)
Interest earned and bank charges, net	1,311	1,272
	(16,692)	(52,850)
Net cash (outflow) inflow	(46,726)	93,694
Cash and restricted cash, beginning of year	207,525	113,831
Cash and restricted cash, end of year	160,799	207,525

Additional information

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The accompanying notes are an integral part of the financial statements.

Big Brothers - Big Sisters of Saint John Inc.

Notes to the financial statements

Year ended December 31, 2019

(Unaudited)

1. Description of business

Big Brothers – Big Sisters of Saint John Inc. (the “Organization”) is a non-profit agency serving Saint John and surrounding communities; offering children and youth, friendship and support by fostering, through volunteer participation, relationships which enhance personal growth and development.

All of the assets of the Organization are held in trust by the directors for the objective and purpose for which the Organization was incorporated. The Organization is a non-profit organization and accordingly is exempt from income taxes under Section 149(1)(l) of the Income Tax Act.

2. Accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”), the more significant of which are as follows:

Cash

Cash includes cash held with Canadian chartered financial institutions.

Investments

Investments consist of mutual funds and are measured at fair market value as determined at the fiscal year end based on market values with maturities less than twelve months. Any transaction costs are expensed as incurred.

Capital assets

Capital assets having an estimated useful economic life greater than one year are capitalized. Capital assets are stated at cost less accumulated amortization. Amortization is provided based on the declining balance method at the rate of 30% per year. Leasehold improvements are amortized straight-line over term of the lease.

Inventories

Inventories is valued at the lower of cost and net realizable value. Cost is determined based on average cost. Net realizable value is the estimated selling price less the estimated cost of completion.

Financial instruments

The Organization’s financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities.

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments in listed shares, which are measured at fair value.

Interest earned on short term investments, unrealized gains and losses on listed shares, and realized gains and losses on sale of short term investments are included in the statement of fund balances or statements of revenues and expenses, whichever is appropriate.

Big Brothers - Big Sisters of Saint John Inc.

Notes to the financial statements

Year ended December 31, 2019

(Unaudited)

2. Accounting policies (continued)

Financial instruments (continued)

Transaction costs related to financial instruments measured at fair value subsequent to initial recognition are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes an impairment loss, if any, when there are indicators or impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the period the reversal occurs.

Contributed services

Volunteers contribute a significant number of hours per year to assist the Organization in carrying out its objectives. In addition, the Organization receives donated materials and services throughout the year. These contributions are only recognized in the financial statements when the fair value can be reasonably determined.

Revenue recognition

Revenues from donations and other voluntary sources are recognized when received. Grants from funding organizations are recorded in the period to which the funding has been designated. Deferred revenue represents funds received in the current period that are designated for a subsequent period.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the Organization's management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The primary area requiring management estimate is the economic lives of capital assets. Actual results could materially differ from these estimates.

3. Investments

Investments consist of units of Royal Mutual Funds Inc. as follows:

	2019	2018
	\$	\$
RBC Canadian Money Market Fund	100,000	100,000
RBC Monthly Income Fund	17,424	16,007
RBC Common shares	8,120	3,732
	125,544	119,739

Big Brothers - Big Sisters of Saint John Inc.

Notes to the financial statements

Year ended December 31, 2019

(Unaudited)

4. Capital assets

	Cost \$	Accumulated amortization \$	2019 Net book value \$	2018 Net book value \$
Computer hardware	27,365	18,512	8,853	720
Equipment	20,306	19,882	424	—
Leasehold improvements	1,058	212	846	—
	48,729	38,606	10,123	720

5. Deferred revenue

	2019 \$	2018 \$
Balance, beginning of year	74,891	22,855
Add: amount received during the year	77,404	95,264
Less: amount recognized as revenue	(121,206)	(43,228)
	(43,802)	52,036
Balance, end of year	31,089	74,891

6. Stabilization fund

The Organization maintains a Stabilization Fund to safeguard against future unplanned deficits. Funds are transferred from the Operating Fund to the Stabilization Fund as the financial position of the Organization permits. Withdrawals from the Stabilization Fund are subject to the approval of the Board of Directors. As at December 31, 2019, the Fund balance was \$100,000 (\$100,000 in 2018).

7. George Hitchcock Endowment Fund

During 2008, the George Hitchcock Endowment Fund was established for the funding of summer camps. The terms of the endowment are to use the interest from the original \$10,000 donation and any additional donations for summer camps. This amount has been segregated into the George Hitchcock Memorial Fund bank account and has been internally restricted for the above noted use. The fund at year end consisted of \$32,449 (\$28,135 in 2018) in restricted cash and \$17,423 (\$16,007 in 2018) in restricted investments.

Big Brothers - Big Sisters of Saint John Inc.

Notes to the financial statements

Year ended December 31, 2019

(Unaudited)

8. Other grants and sponsorships

	Donations received	Deferred donations	2019 \$	2018 \$
Canadian Women's Foundation – Go Girl Program	60,000	20,000	40,000	40,000
Boston Pizza	9,441	—	9,441	2,559
Canadian Tire Jumpstart	267	—	267	666
Other	110	—	110	50
RBC	48,368	7,285	41,083	632
Scotiabank	3,804	3,804	—	—
Brewer Foundation	3,952	—	3,952	—
Province of NB	4,730	—	4,730	—
BFK	2,000	—	2,000	—
GSJCF	20,000	—	20,000	—
	152,672	31,089	121,583	43,907

9. Bowl for Kids

	2019 \$	2018 \$
Expenditures		
Lane rental	2,174	2,261
Advertising and promotion	2,103	1,882
Supplies	785	—
	5,062	4,143

10 Statement of cash flows supplementary information

	2019 \$	2018 \$
Interest received	2,781	1,272

11. Financial instruments and risk management

The Organization has exposure to credit risk and liquidity risk. The Organization's Board of Directors has overall responsibility for the oversight of these risks and reviews the Organization's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

Interest rate risk

The Organization's cash and investment balances are invested in mutual funds with Canadian Chartered banks, bearing interest at variable rates. The Organization has no long-term debt. The Organization's management believes its interest rate risk is not material due to the short-term nature of its assets and liabilities.

Big Brothers - Big Sisters of Saint John Inc.

Notes to the financial statements

Year ended December 31, 2019

(Unaudited)

11. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligation. The Organization's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not material. The total balance included in the allowance for doubtful accounts at December 31, 2019 is nil (nil in 2018). The Organization's cash and investments are distributed among bank and investment accounts held in Canadian Chartered Banks. The Organization does not expect any liquidity issues or credit losses on those investments.

Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. As at December 31, 2019 the Organization has cash of \$160,800 (\$207,525 in 2018) and short-term investments funds of \$125,544 (\$119,739 in 2018). The Organization believes it has sufficient resources available to meet its current obligations. If this risk were to exist in the future consideration could be given, if necessary, to seeking additional funds through third party funding or membership rate increases, assuming these could be obtained. All of the Organization's financial liabilities are short-term in nature and are subject to normal trade terms.

12. Subsequent events

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Organization's. This outbreak could adversely affect donations and grants to the Organization and will adversely affect the Organization's fundraising events, which could harm the results of operations. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Organization's operation at this time.