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

December 31, 2021

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## Independent Practitioner's Review Engagement Report

To the Board of Directors  
Big Brothers - Big Sisters of Saint John Inc.

We have reviewed the accompanying financial statements of Big Brothers - Big Sisters of Saint John Inc. (the "Organization") that comprise the statement of financial position as at December 31, 2021, and the statement of operations, 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, 2021, 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.



Chartered Professional Accountants  
June 17, 2022

**Big Brothers - Big Sisters of Saint John Inc.****Statement of operations**

Year ended December 31, 2021

(Unaudited)

	Notes	2021 \$	2020 \$
<b>Revenue</b>			
Government assistance	8	129,901	107,567
United Way of Greater Saint John grant		69,795	69,906
Other grants and sponsorships	10	63,713	142,484
Fundraising events		42,225	36,191
Province of New Brunswick grant		28,260	28,260
Bowl for Kids		28,089	35,464
Donations		28,047	20,095
Employment grants		19,951	14,630
Interest income		3,218	1,537
		<b>413,199</b>	<b>456,134</b>
<b>Expenses</b>			
Salaries and wages		304,966	285,846
Employee benefits		31,410	28,087
Insurance		12,393	10,894
Programs and other		12,137	17,197
Training		11,601	8,199
Professional fees		11,430	7,480
Telephone		8,554	6,615
Office supplies and postage		8,493	5,111
Dues and subscriptions		8,165	9,005
Parking		7,322	5,167
Rent		7,000	5,177
Travel allowance		5,689	5,903
HST		4,085	6,366
Advertising and promotion		2,272	2,209
Fundraising		2,182	3,441
Amortization		2,160	3,037
Meetings		878	5,556
Bowl for Kids	11	657	32
Bank charges and interest		171	663
Go Girl Program		97	603
Miscellaneous		-	4,099
		<b>441,662</b>	<b>420,687</b>
<b>Excess of (expenses over revenue) revenue over expenses</b>		<b>(28,463)</b>	<b>35,447</b>

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

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

For the Year Ended December 31, 2021

(Unaudited)

	2021	2020
Notes	\$	\$
Stabilization Fund		
<b>Balance, beginning of year</b>	<b>100,000</b>	100,000
Transfer to Operating Fund	<b>(101)</b>	(542)
Interest earned and bank charges, net	<b>101</b>	542
Transfer from Operating Fund	-	-
<b>Balance, end of year</b>	<b>100,000</b>	100,000
George Hitchcock Endowment Fund		
<b>Balance, beginning of year</b>	<b>52,880</b>	49,873
Donations	<b>5,418</b>	3,000
Unrealized gain on investments	<b>(5,313)</b>	(598)
Interest earned and bank charges, net	<b>956</b>	605
<b>Balance, end of year</b>	<b>53,941</b>	52,880
Operating Fund		
<b>Balance, beginning of year</b>	<b>152,110</b>	119,669
Transfer from Stabilization Fund	<b>101</b>	542
Prior period adjustment	-	(3,548)
Excess of (expenses over revenue) revenue over expenses	<b>(29,624)</b>	35,447
<b>Balance, end of year</b>	<b>122,587</b>	152,110

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, 2021

(Unaudited)

	Notes	<b>2021</b>	2020
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Current assets			
Cash		<b>154,588</b>	135,954
Restricted cash	3	<b>34,599</b>	35,198
Investments	4	<b>130,645</b>	121,924
Government remittances receivable		<b>1,766</b>	1,558
Accounts receivable		<b>24,399</b>	45,587
Inventory of supplies		<b>200</b>	200
		<b>346,197</b>	340,421
Capital assets	5	<b>4,927</b>	7,087
		<b>351,124</b>	347,508
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		<b>18,889</b>	25,518
Deferred revenue	7	<b>18,633</b>	17,000
		<b>37,522</b>	42,518
Long-term debt	8	<b>37,074</b>	-
		<b>74,596</b>	42,518
<b>Fund balances</b>			
Stabilization Fund	9	<b>100,000</b>	100,000
George Hitchcock Endowment Fund	3	<b>53,941</b>	52,880
Operating Fund		<b>122,587</b>	152,110
		<b>276,528</b>	304,990
		<b>351,124</b>	347,508

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, 2021

(Unaudited)

	Notes	2021 \$	2020 \$
<b>Operating activities</b>			
Excess of (expenses over revenue) revenue over expenses		<b>(28,463)</b>	35,447
Items not affecting cash:			
Prior period adjustment		-	(3,548)
Amortization		<b>2,160</b>	3,036
Unrealized gain on investments		<b>(3,303)</b>	(598)
Government assistance	8	<b>(22,926)</b>	-
Changes in non-cash operating working capital items	6	<b>15,985</b>	(31,751)
		<b>(36,547)</b>	2,586
<b>Investing activities</b>			
(Purchase) disposal of investments, net		<b>(5,418)</b>	6,620
Interest earned and bank charges, net		-	1,147
		<b>(5,418)</b>	7,767
<b>Financing activity</b>			
Proceeds from long-term debt	8	<b>60,000</b>	-
Net increase of cash and cash equivalents		<b>18,035</b>	10,353
Cash and cash equivalents, beginning of year		<b>171,152</b>	160,799
<b>Cash and cash equivalents, end of year</b>		<b>189,187</b>	171,152

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

Cash and cash equivalents consist of:

Cash	<b>154,588</b>	135,954
Restricted cash	<b>34,599</b>	35,198
<b>Cash and cash equivalents</b>	<b>189,187</b>	171,152

## **Big Brothers - Big Sisters of Saint John Inc.**

### **Notes to the financial statements**

December 31, 2021

(Unaudited)

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#### **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**

The financial statements have been prepared in accordance with Canadian accounting standards for Not-for-Profit Organizations (“ASNPO”) and reflect the following significant accounting policies:

##### *Cash*

Cash includes cash held with Canadian chartered financial institutions.

##### *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.

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value 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 in net earnings as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Company recognizes an impairment loss, if any, in net earnings when there are indicators of 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 to net earnings in the period the reversal occurs.

##### *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.



## **Big Brothers - Big Sisters of Saint John Inc.**

### **Notes to the financial statements**

December 31, 2021

(Unaudited)

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## **2. Accounting policies (continued)**

### *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.

### *Impairment of long-lived assets*

Long-lived assets, such as equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value of a long-lived asset exceeds the total undiscounted cash flows expected from the use and eventual disposition of the asset, and the carrying value exceeds its fair value. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value at the date of impairment.

### *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.

### *Contributed services*

Volunteers contribute a significant number of hours per year to assist Big Brothers - Big Sisters of Saint John Inc. 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 reasonable 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.

### *Fund accounting*

Revenues, expenses, assets and liabilities related to service delivery activities and administration are reported in the Operating fund. The Organization has two more funds, these are described in Note 3 and Note 9.

### *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, the cost and net realizable value of inventories, accrued liabilities, and impairment of capital assets. Actual results could materially differ from these estimates.

## Big Brothers - Big Sisters of Saint John Inc.

### Notes to the financial statements

December 31, 2021

(Unaudited)

### 3. 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 \$34,599 (\$35,198 in 2020) in restricted cash and \$18,893 (\$17,682 in 2020) in restricted investments.

### 4. Investments

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

	2021	2020
	\$	\$
RBC Canadian Money Market Fund	100,000	100,000
RBC Monthly Income Fund	18,893	17,682
RBC Common shares	11,752	4,242
	<b>130,645</b>	<b>121,924</b>

### 5. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	\$	\$	\$	\$
Computer hardware	27,365	23,027	4,338	6,197
Equipment	20,306	20,098	208	297
Leasehold improvements	1,058	677	381	593
	<b>48,729</b>	<b>43,802</b>	<b>4,927</b>	<b>7,087</b>

### 6. Additional information relating to the statement of cash flows

	2021	2020
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Accounts receivable	21,188	(45,587)
Inventory of supplies	(208)	10,380
Accounts payable and accrued liabilities	(6,628)	17,545
Deferred revenue	1,633	(14,089)
	<b>15,985</b>	<b>(31,751)</b>

### 7. Deferred revenue

	2021	2020
	\$	\$
Balance, beginning of year	17,000	31,089
Plus: amount received during year	65,376	128,395
Less: amount recognized as revenue in the year	(63,713)	(142,484)
	<b>1,663</b>	<b>(14,089)</b>
Balance, end of year	<b>18,633</b>	<b>17,000</b>

## Big Brothers - Big Sisters of Saint John Inc.

### Notes to the financial statements

December 31, 2021

(Unaudited)

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#### 8. Government assistance

In response to the COVID-19 pandemic, the federal and provincial governments have been implementing various programs to help companies that are experiencing financial difficulty.

##### *Canada Emergency Wage and Rent Subsidy*

During the year, the Company recognized \$103,994 (\$107,567 in 2020) in wage subsidy and \$1,518 (nil in 2020) in rent subsidy which has been presented as revenue. At year end, \$24,172 (\$44,622 in 2020) in wage subsidy and \$217 (\$964 in 2020) in rent subsidy was recorded as a receivable.

##### *Canada Emergency Business Account*

In response to the COVID-19 pandemic, the Company applied for and received a loan through the CEBA program. The loan was provided in total \$60,000 and bears interest at 0%. Subject to the terms and conditions of the program, \$20,000 of the loan is forgivable if the loan is repaid in full by the maturity date. The forgivable portion of the loan has been treated as government assistance revenue. If the loan is not repaid by the maturity date the remaining balance will be converted to a three-year term loan bearing interest at 5% and paid monthly.

Loans of the Company are recognized at their fair value at inception. Loans bearing interest at 0% are discounted using a market-based borrowing rate at the time of the loan. The discounts on the loans are recognized as Government assistance revenue. The difference between the fair value at inception and the principal value will be recognized as an interest expense over the term to maturity. The Company recognized a discount of \$4,389 in Government assistance revenue and \$1,463 as interest expense during the year related to the loan.

	2021	2020
	\$	\$
Canada Emergency Business Account (CEBA) loan	<b>40,000</b>	-
Less: fair market value adjustment	<b>2,926</b>	-
Long-term debt	<b>37,074</b>	-

#### 9. 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, 2021, the Fund balance was \$100,000 (\$100,000 in 2020).

## Big Brothers - Big Sisters of Saint John Inc.

### Notes to the financial statements

December 31, 2021

(Unaudited)

#### 10. Grants and sponsorships

	Donations received	Deferred donations	2021 \$	2020 \$
RBC	38,000	8,000	30,000	18,000
NB Job Grants	12,038	-	12,038	-
CIBC - Rural and Remote Project	10,000	-	10,000	-
Children's Aid - Big Steps to Success	7,500	5,833	1,667	-
ECSF through United Way	5,000	-	5,000	5,000
Coca Cola	4,800	4,800	-	-
Scotiabank	4,008	-	4,008	4,959
Walmart Canada Corporation	1,000	-	1,000	-
Gift Funds Canada Foundation	-	-	-	50,000
Canadian Women's Foundation - Go Girl Program	-	-	-	10,000
NBCF	-	-	-	18,000
Uptown Saint John	-	-	-	436
United Way - Atlantic Compassion Fund	-	-	-	5,000
Other	-	-	-	31,089
	<b>82,346</b>	<b>18,633</b>	<b>63,713</b>	<b>142,484</b>

#### 11. Bowl for Kids

	2021 \$	2020 \$
Expenditures		
Advertising and promotion	25	-
Supplies	632	32
	<b>657</b>	<b>32</b>

#### 12. 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's management believes its interest rate risk is not material due to the short-term nature of its assets and liabilities.

##### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil 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, 2021 is nil (nil in 2020). 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.

## **Big Brothers - Big Sisters of Saint John Inc.**

### **Notes to the financial statements**

December 31, 2021

(Unaudited)

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#### **12. Financial instruments and risk management (continued)**

##### *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, 2021 the Organization has cash of \$189,187 (\$171,152 in 2020) and short-term investments funds of \$130,645 (\$121,924 in 2020). 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.

#### **13. Comparative figures**

Certain figures for 2020 have been reclassified to conform to the presentation adopted in 2021.