

BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Financial Statements

Year Ended September 30, 2020



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

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Year Ended September 30, 2020

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LECKIE & ASSOCIATES LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Big Brothers & Big Sisters Association of Lloydminster Corp.

Qualified Opinion

We have audited the financial statements of Big Brothers & Big Sisters Association of Lloydminster Corp. (the Association), which comprise the statement of financial position as at September 30, 2020, 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 possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at September 30, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from public donations and 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 donation revenue and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2020, current assets and net assets as at September 30, 2020. Our audit opinion on the financial statements for the year ended September 30, 2019 was modified accordingly because of the possible effects of this limitation of 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 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 audit 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 ASNPO, 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 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.

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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.

Leckie & Associates LLP

Lloydminster, Alberta

January 20, 2021

CHARTERED PROFESSIONAL
ACCOUNTANTS

BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Statement of Financial Position

September 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 4)	\$ 48,614	\$ 74,579
Accounts receivable (Note 5)	10,164	12,535
Goods and services tax recoverable	884	1,174
Prepaid expenses	5,232	3,133
	<u>64,894</u>	<u>91,421</u>
CAPITAL ASSETS (Note 6)	155,568	109,501
OTHER ASSET (Note 7)	1,961	649
	<u>\$ 222,423</u>	<u>\$ 201,571</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,619	\$ 3,360
Employee deductions payable	3,877	5,689
Salaries payable	-	366
Deferred revenue (Note 8)	7,500	87,289
	<u>13,996</u>	<u>96,704</u>
CONTINGENT LIABILITY (Note 10)		
COMMITMENTS (Note 11)		
NET ASSETS		
Unrestricted net assets	52,859	(4,634)
Net assets invested in capital assets	155,568	109,501
	<u>208,427</u>	<u>104,867</u>
	<u>\$ 222,423</u>	<u>\$ 201,571</u>

ON BEHALF OF THE BOARD

John Stearns Board Member

Subir Board Member



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Statement of Operations

Year Ended September 30, 2020

	2020	2019
REVENUE		
Donations	\$ 115,416	\$ 71,522
Fundraising	66,084	162,534
FCSS	50,473	50,934
Canada Emergency Wage Subsidy	48,467	-
Saskatchewan Community Initiative Fund	32,500	28,000
Other grants	27,911	12,932
Alberta Community Initiative Fund	21,595	28,793
Saskatchewan Social Services Grant	15,513	15,513
Interest earned	2,061	351
Expense recoveries	993	998
	<u>381,013</u>	<u>371,577</u>
EXPENSES		
Advertising and promotion	1,535	4,817
Amortization	16,928	8,522
Condominium fees and utilities	24,699	24,772
Fundraising	14,144	36,354
Insurance	9,788	8,238
Interest and bank charges	240	989
Licenses, memberships and fees	9,922	9,580
Meetings	355	352
Non-recoverable goods and services tax	3,291	2,266
Postage and office supplies	5,673	8,560
Professional fees	8,798	7,254
Programs	3,593	5,599
Repairs and maintenance - equipment	11,662	11,274
Repairs and maintenance - premises	435	113
Salaries - staff	149,471	212,708
Staff benefits	14,848	22,828
Summer programs	930	2,926
Telephone	6,016	5,726
Training	-	2,950
Volunteer appreciation	25	-
	<u>282,353</u>	<u>375,828</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	98,660	(4,251)
OTHER INCOME		
Gain on disposal of capital assets	4,900	1,750
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 103,560</u>	<u>\$ (2,501)</u>



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Statement of Changes in Net Assets

Year Ended September 30, 2020

	Unrestricted Net Assets	Net Assets Invested In Capital Assets	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ (4,634)	\$ 109,501	\$ 104,867	\$ 107,368
Excess (deficiency) of revenue over expenses	115,588	(12,028)	103,560	(2,501)
Capital asset purchases	(62,995)	62,995	-	-
Proceeds on disposals of capital assets	4,900	(4,900)	-	-
NET ASSETS - END OF YEAR	\$ 52,859	\$ 155,568	\$ 208,427	\$ 104,867



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Statement of Cash Flows

Year Ended September 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 103,560	\$ (2,501)
Items not affecting cash:		
Amortization of capital assets	16,928	8,522
Gain on disposal of capital assets	(4,900)	(1,750)
	<u>115,588</u>	<u>4,271</u>
Changes in non-cash working capital:		
Accounts receivable	2,371	9,742
Goods and services tax recoverable	290	(82)
Prepaid expenses	(2,099)	7
Accounts payable and accrued liabilities	(741)	808
Employee deductions payable	(1,812)	461
Salaries payable	(366)	(2,553)
Deferred revenue	(79,789)	3,389
	<u>(82,146)</u>	<u>11,772</u>
Cash flow from operating activities	<u>33,442</u>	<u>16,043</u>
INVESTING ACTIVITIES		
Additions to capital assets	(62,995)	(9,277)
Proceeds on disposal of capital assets	4,900	1,750
Increase in other assets	(1,312)	(509)
Cash flow used by investing activities	<u>(59,407)</u>	<u>(8,036)</u>
(DECREASE) INCREASE IN CASH FLOW	<u>(25,965)</u>	<u>8,007</u>
Cash - beginning of year	<u>74,579</u>	<u>66,572</u>
CASH - END OF YEAR (Note 4)	<u>\$ 48,614</u>	<u>\$ 74,579</u>



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Notes to Financial Statements

Year Ended September 30, 2020

1. PURPOSE OF THE ASSOCIATION

Big Brothers & Big Sisters Association of Lloydminster Corp. (the "Association") is incorporated under the Business Corporations Act of Saskatchewan and is extra-provincially registered under the Alberta Business Corporations Act as a not-for-profit organization. The Association is registered as a charity under the Income Tax Act (Canada) and therefore exempt from income tax under section 149 of that Act.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are capitalized when incurred.

Cash and Cash Equivalents

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Buildings	2%
Equipment	10%
Automotive	15%
Computer equipment	20%
Computer software	30%

The Association regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Fund Accounting

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Net Assets Fund.

The Net Assets Invested in Capital Assets Fund reports the assets, liabilities, revenues, and expenses related to the Association's capital assets.

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BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Notes to Financial Statements

Year Ended September 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Association follows the deferral method of accounting for contributions.

Externally restricted fundraising revenues are recognized as revenue in the year in which the related expenses are incurred.

Operating grant revenue is recognized as revenue in the year to which it relates. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted donations and donations in kind are recognized as revenue upon receipt. Donations in kind are recognized at fair market value at the date of receipt.

Interest and other revenues are recognized as revenue when they are earned, the amount can reasonably be estimated and collection is reasonably assured.

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Contributed Services and Materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. Where the fair value of donated services cannot be reasonably determined they are not reflected in these financial statements. Donated services that would have otherwise been purchased by the organization, and have a determinable fair value, are recorded as revenue at fair value when received. Donated materials are reported at fair value when determinable, the items would normally have been purchased for day to day operations and a receipt is expected by the contributor, otherwise they are not reflected in these financial statements.

4. CASH

	2020	2019
General account	\$ 47,867	\$ 5,279
Savings account	477	61,427
Restricted cash - Saskatchewan Liquor and Gaming Authority	270	7,873
	<u>\$ 48,614</u>	<u>\$ 74,579</u>

The Saskatchewan Liquor and Gaming Authority restricts the use of raffle proceeds for the purpose of children's programming, salaries for service delivery and the staff case-workers, condominium fees, utilities and telephone expenses.



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Notes to Financial Statements

Year Ended September 30, 2020

5. ACCOUNTS RECEIVABLE

	2020	2019
Government of Canada - Canada Emergency Wage Subsidy	\$ 7,696	\$ -
Fundraising receivables	2,331	3,930
Employee benefits reimbursement	137	-
Government of Canada - Summer Employment	-	3,481
Saskatchewan Liquor and Gaming	-	2,516
Receivables for fundraising services provided	-	1,808
Saskatchewan Community Initiatives Fund	-	800
	<u>\$ 10,164</u>	<u>\$ 12,535</u>

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Buildings	\$ 137,716	\$ 43,068	\$ 94,648	\$ 97,403
Equipment	24,353	23,473	880	1,021
Automotive	72,272	12,232	60,040	7,885
Computer equipment	15,961	15,961	-	3,192
Computer software	628	628	-	-
	<u>\$ 250,930</u>	<u>\$ 95,362</u>	<u>\$ 155,568</u>	<u>\$ 109,501</u>

7. OTHER ASSETS

	2020	2019
Patronage equities		
Servus Credit Union	\$ 153	\$ 149
Lloydminster & District Co-op	1,808	-
Subtotal	<u>1,961</u>	<u>149</u>
Deposit on new van	-	500
	<u>\$ 1,961</u>	<u>\$ 649</u>



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Notes to Financial Statements

Year Ended September 30, 2020

8. DEFERRED REVENUE

	2020	2019
Saskatchewan Community Initiatives Fund	\$ 7,500	\$ 2,400
Fred North Foundation	-	34,700
Alberta Community Initiatives Fund	-	21,594
Concentra Bank	-	10,000
Synergy Credit Union	-	10,000
100 Men Club of Lloydminster	-	4,800
Husky Energy	-	3,795
	-	-
	-	-
	<u>\$ 7,500</u>	<u>\$ 87,289</u>

9. RELATED PARTIES

	2020	2019
<u>Related party transactions</u>		
Big Brothers & Big Sisters of Canada		
Annual memberships (Licenses, memberships and fees)	\$ 7,807	\$ 7,000
Liability insurance (Insurance)	1,653	2,065
	<u>9,460</u>	<u>9,065</u>

The Owners: Condominium Corporation No. 101069605

Condominium fees	<u>14,591</u>	<u>14,592</u>
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During the year, the Executive Director of Big Brothers Big Sisters Association of Lloydminster Corp. became a Director of The Owners: Condominium Corporation No. 101069605.

	<u>\$ 24,051</u>	<u>\$ 23,657</u>
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These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.



BIG BROTHERS & BIG SISTERS ASSOCIATION OF LLOYDMINSTER CORP.

Notes to Financial Statements

Year Ended September 30, 2020

10. CONTINGENT LIABILITY

The condominium association that operates the building from which the Big Brothers Big Sisters Association of Lloydminster Corp. provides its services, has recently come under scrutiny for lack of adequate accounting records. Big Brothers Big Sisters Association of Lloydminster Corp.'s legal council has confirmed that Big Brothers Big Sisters of Lloydminster Corp. has no legal liability outstanding as of this date. However, the resolution of the lack of accounting records may reveal a need for future increases in the monthly condominium fees as currently being charged (referenced below under Commitments), or there may be a required cash call to accommodate needed repairs or to maintain a proper reserve fund as required by The Condominium Property Act, 1993, of Saskatchewan. Until the condominium association records can be confirmed and a reserve fund study completed regarding the maintenance of the building, no amounts can be estimated as to any shortfall, if in fact one exists.

11. COMMITMENTS

The Association incurs condominium fees with respect to its premises. The condominium fees are to be negotiated annually. Condominium fees are currently set at \$1,216 monthly. The condominium fees expensed in the condominium fees and utilities account in 2020 is \$14,591 (2019 - \$14,592).

The Association leases equipment with Xerox Canada Ltd. under a long term lease that expires on March 31, 2021. Under the lease, the Association is required to pay lease costs based on usage of the equipment. The Association incurred photocopier usage expense in 2020 of \$4,685 (2019 - \$7,173).

12. DONATION INCOME BY FUNCTION

The Association prefers to classify donation receipts at their larger fundraising events as fundraising revenue, rather than donation revenue. The Association's position is that this revenue would not be received from the donors if it were not for the overall fundraising event. This donation revenue reported as fundraising revenue on the financial statements is reclassified and reported as donation revenue for charity return purposes. The reclassification required in 2020 was \$17,569 (2019 - \$55,593).

13. CONTRIBUTED MATERIALS AND SERVICES

Contributed advertising services of \$5,000 (2019 - \$5,000) were recognized in the financial statements in donations revenue and fundraising expenses. In compliance with Canada Revenue Agency no charitable receipts were issued for these services.

14. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, other asset and accounts payable and accrued liabilities, salaries payable, contingent liability and commitments. Unless otherwise noted, it is the Board of Directors' opinion that the Association is not exposed to significant liquidity, credit or market risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.

