



Financial Statements

Big Sisters of BC Lower Mainland

December 31, 2020

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Independent Auditor's Report

To the Members of [Big Sisters of BC Lower Mainland](#)

Report on the Audit of the Financial Statements

Qualified opinion

We have audited the financial statements of Big Sisters of BC Lower Mainland (the "Society"), which comprise the statement of financial position as at December 31, 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 Big Sisters of BC Lower Mainland as at December 31, 2020, and its 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 Society derives revenue from donations and 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations and events revenue, excess of revenues over expenditures, and cash flows from operations for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 Society 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.

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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 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society 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 the Societies Act of British Columbia, we report that, in our opinion, these financial statements were prepared on a basis consistent with that applied in preparing the financial statements of the preceding year.

Vancouver, Canada
April 29, 2021



Chartered Professional Accountants

Big Sisters of BC Lower Mainland Statement of Financial Position

December 31

2020

2019

Assets

Current

Cash and cash equivalents (Note 3)	\$ 1,870,468	\$ 1,109,155
Receivables (Note 10)	133,520	70,917
Prepaid expenses	<u>20,220</u>	<u>31,252</u>

	2,024,208	1,211,324
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Investments (Note 4)	203,325	203,325
Property and equipment (Note 5)	<u>288,219</u>	<u>213,375</u>

	\$ 2,515,752	\$ 1,628,024
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Liabilities

Current

Payables and accruals (Note 6)	\$ 198,088	\$ 165,232
Deferred revenue (Note 7)	<u>554,543</u>	<u>324,629</u>

	752,631	489,861
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Net assets

Internally restricted (Note 8)	777,607	586,247
Unrestricted	<u>985,514</u>	<u>551,916</u>

	1,763,121	1,138,163
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	\$ 2,515,752	\$ 1,628,024
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Commitments (Note 13)

Impact of COVID-19 (Note 14)

Approved on behalf of the Board



Director



Director

Big Sisters of BC Lower Mainland Statement of Changes in Net Assets

Year ended December 31, 2020

	Internally Restricted (Note 8)	Unrestricted	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, December 31, 2018	\$ 587,205	506,094	\$ 1,093,299
Excess of revenues over expenditures	(4,166)	49,030	44,864
Interfund transfers	<u>3,208</u>	<u>(3,208)</u>	<u>-</u>
Balance, December 31, 2019	586,247	551,916	1,138,163
Excess of revenues over expenditures	(10,668)	635,626	624,958
Interfund transfers	<u>202,028</u>	<u>(202,028)</u>	<u>-</u>
Balance, December 31, 2020	<u>\$ 777,607</u>	<u>\$ 985,514</u>	<u>\$ 1,763,121</u>

Big Sisters of BC Lower Mainland

Statement of Operations

Year ended December 31	2020	2019
Revenues		
Events revenue	\$ 1,229,317	\$ 1,148,605
Donations	261,083	260,073
Foundation and corporate grants	318,688	334,324
Government funding (Note 9)	720,614	245,465
Raffle	-	25,070
Interest income	12,383	11,682
	<u>2,542,085</u>	<u>2,025,219</u>
Expenditures		
Amortization	24,642	15,849
Audit	17,297	15,553
Big Brothers Big Sisters of Canada	18,924	23,776
Events expense	114,875	324,238
Fundraising expenditures	32,537	53,804
General and administrative	131,670	86,443
Insurance	19,395	19,134
Program expenses	65,174	53,085
Salaries and contract costs	1,475,030	1,366,889
Travel	3,958	13,506
Volunteer recognition	6,322	8,078
Write off of property and equipment	7,303	-
	<u>1,917,127</u>	<u>1,980,355</u>
Excess of revenues over expenditures	<u>\$ 624,958</u>	<u>\$ 44,864</u>

Big Sisters of BC Lower Mainland

Statement of Cash Flows

Year ended December 31

2020

2019

Cash flows provided by (used in)

Operating

Excess of revenues over expenditures	\$ 624,958	\$ 44,864
Items not affecting cash		
Amortization	24,642	15,849
Write off of property and equipment	7,303	-

	656,903	60,713
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Change in non-cash working capital items

Receivables	(62,603)	(48,172)
Prepaid expenses	11,032	3,681
Payables and accruals	32,856	20,959
Deferred revenue	229,914	164,348

	868,102	201,529
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Investing

Purchase of property and equipment	(106,789)	(9,213)
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	761,313	192,316
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Net increase in cash and cash equivalents

	1,109,155	916,839
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Cash and cash equivalents, beginning of year

	\$ 1,870,468	\$ 1,109,155
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Cash and cash equivalents, end of year

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

December 31, 2020

1. Nature of operations

Big Sisters of BC Lower Mainland (the "Society") was incorporated under the Society Act. The Society is committed to enhancing the confidence, self-esteem and well-being of girls and young women by establishing and supporting mentorship with caring women. The Society is a registered charity under the Income Tax Act of Canada and, as long as it continues to meet the requirements of the Act, is not taxable.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash and all highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(b) Property and equipment

Property and equipment purchased are recorded at cost. Property and equipment contributed is recorded at its estimated fair value at the date of contribution. Furniture and equipment acquired and donated prior to January 1, 1977 have been given a nominal value of \$1. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the property and equipment over their estimated useful lives (with the exception of leasehold improvements, which are amortized using the straight-line method). The annual amortization rates are as follows:

Building	5%
Furniture and fixtures	20%
Computer equipment	30%
Leasehold improvements	straight line 5 years

(c) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as 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. Endowment contributions are recognized as direct increases in net assets.

Government grants are recognized when there is reasonable assurance that the Society will comply with any conditions attached to the grant and the grant will be received. The grant is recognized in government funding on a systematic basis over the periods in which the Society recognizes the related expenses for which the grant is intended to compensate.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

December 31, 2020

2. Significant accounting policies (continued)

(d) Donated materials and services

The Society relies on volunteer time and donated goods and services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and donated goods and services are not recognized in these financial statements.

(e) Financial instruments

Financial instruments are measured at fair value when issued or acquired. At each reporting date, the Society measures its financial assets and liabilities at cost or amortized cost. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, investments, and payables and accruals.

For financial assets measured at cost or amortized cost, the Society regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Society determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

(f) Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Line of credit

The Society has a \$350,000 revolving demand loan available. The balance outstanding at year end is \$Nil (2019 - \$Nil). The line is secured by the Society's land and building and a general assignment. Interest is payable monthly and is calculated based on prime rate plus 0.75% per annum.

4. Investments

Investments are held by the Vancouver Foundation as a retractable fund and are carried at amortized cost. As at December 31, 2020, the accumulated balance of this fund held by the Vancouver Foundation had a market value of \$264,840 (2019 - \$253,544).

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

December 31, 2020

5. Property and equipment			<u>2020</u>	<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 136,302	\$ -	\$ 136,302	\$ 136,302
Building	89,027	53,885	35,142	36,993
Furniture and fixtures	48,013	38,509	9,504	9,483
Computer equipment	112,485	42,209	70,276	30,597
Leasehold improvements	41,106	4,111	36,995	-
	<u>\$ 426,933</u>	<u>\$ 138,714</u>	<u>\$ 288,219</u>	<u>\$ 213,375</u>

6. Payables and accruals

Included in payables and accruals are government remittances payable of \$24,813 (2019 - \$24,115).

7. Deferred revenue	<u>2020</u>	<u>2019</u>
Deferred revenue, beginning of year	\$ 324,629	\$ 160,281
Funds received	606,515	245,795
Less: revenue recognized	<u>(376,601)</u>	<u>(81,447)</u>
Deferred revenue, end of year	<u>\$ 554,543</u>	<u>\$ 324,629</u>

8. Internally restricted net assets

The internally restricted net assets are not available for other purposes without approval from the board of directors (the "Board").

- (a) The House Maintenance Fund was established to set aside funding in the event of specific works required at the Big Sisters House.
- (b) The Contingency Fund was established to provide cash for major expenses.
- (c) The Big Sisters Endowment Fund, founded by Peter and Joanne Brown was established as a non-permanent endowment fund held with the Vancouver Foundation. If retracted by the Society, no part of the fund may be used for any purpose other than those set forth by the Society's endowment policy. Such policy was approved and adopted by the Society's board of directors on March 15, 2005. Any income earned by the fund may be used for any purpose approved by and at the discretion of the Board.
- (d) The Scholarship Fund was established to provide four year scholarships to two little sisters.
- (e) Other Funds consist of: Joanne's Bliss Fund, which provides opportunities and essentials to Little Sisters whose families have limited financial means; the Linda Parsons Volunteer Development Fund, which provides training and workshops to volunteers; and the Rachel Paul Fund, which provides extras for Little Sisters.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

December 31, 2020

8. Internally restricted net assets (continued)

	House Maintenance Fund	Contingency Fund	The Big Sisters Endowment Fund, Founded by Peter and Joanne Brown	Scholarship Fund	Other Funds	Total
Balance, December 31, 2019	\$ 33,949	\$ 281,957	\$ 203,325	\$ 37,486	\$ 29,530	\$ 586,247
Expenditures	-	-	-	(5,432)	(5,236)	(10,668)
Transfer from unrestricted net assets	-	200,000	-	-	2,028	202,028
Balance, December 31, 2020	\$ 33,949	\$ 481,957	\$ 203,325	\$ 32,054	\$ 26,322	\$ 777,607

9. Government funding

	2020	2019
BC Community Gaming grant	\$ 181,650	\$ 173,000
BC Capital Gaming grant	2,595	-
Canada Emergency Wage Subsidy (Note 10)	366,073	-
Canada Emergency Community Support Fund	93,941	-
Canada Emergency Business Account	10,000	-
Municipal grants	66,355	72,465
	\$ 720,614	\$ 245,465

10. Canada Emergency Wage Subsidy

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy ("CEWS") to assist organizations who had lost a certain percentage of their eligible revenue. During the fiscal year ended December 31, 2020 the Society filed eligible CEWS claims totalling \$366,073 which have been recognized in the Statement of Operations as government funding. Included in accounts receivable is \$80,594 with respect to claims filed and not yet received as at December 31, 2020.

11. Disclosure required under the Societies Act

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Society paid \$Nil (2019 - \$Nil) to directors, \$245,240 (2019 - \$225,460) in remuneration to two people who are employees, and there were no contractors who were paid above \$75,000.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

December 31, 2020

12. Financial instruments

The carrying amounts of financial assets measured at amortized cost are \$2,207,313 as at December 31, 2020 (2019 - \$1,383,397).

The carrying amounts of financial liabilities measured at amortized cost are \$198,088 as at December 31, 2020 (2019 - \$165,232).

Management believes that the Society is exposed to the following risks with respect to its financial instruments:

Interest rate risk

Interest rate risk is the potential for financial loss to the Society from changes in the values of its financial instruments due to changes in market interest rates. The investments of the Society are all with the Vancouver Foundation, which holds well-diversified portfolios.

Credit risk

The Society is exposed to the risk that counterparty defaults or becomes insolvent. The only financial instruments that potentially subject the Society to concentrations of credit risk are cash and cash equivalents and investments. The Society limits its exposure to credit risk by placing its cash and cash equivalents and investments with major financial institutions.

13. Commitments

The Society entered into a lease agreement for office premises that expires on December 31, 2024. Future minimum lease payments for upcoming fiscal periods are as follows:

2021	\$	23,240
2022		23,240
2023		24,402
2024		<u>24,402</u>
	\$	<u>95,284</u>

14. Impact of COVID-19

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic has had and continues to have a significant financial and social impact. At the time of approval of these financial statements, the Society has undertaken the following activities in relation to the COVID-19 pandemic and experienced the following financial implications:

- Held online campaign in-lieu of one fundraising event and virtual delivery of other fundraising events;
- Change to revenue targets and sources, as well as cost reduction strategies;
- Applied and received CEWS subsidies in support of payroll costs (Note 10); and
- Provided staff with the required technology to work from home; established protocols for the safe return to office for those interested.

Big Sisters of BC Lower Mainland

Notes to the Financial Statements

December 31, 2020

14. Impact of COVID-19 (continued)

The impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and have a significant impact on future operations. An estimate of the financial effect is not practicable at this time. The Society continues to closely monitor the impact on its financial implications and continuing operations.

15. Comparative figures

Certain comparative figures have been reclassified to conform to the classification used in the current year.
