

Financial Statements of

**BIG BROTHERS BIG SISTERS OF  
CANADA/LES GRANDS FRÈRES  
GRANDES SOEURS DU CANADA**

And Independent Auditor's Report thereon

Year ended December 31, 2023



**KPMG LLP**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Big Brothers Big Sisters of Canada/  
Les Grands Frères Grandes Soeurs du Canada

### *Opinion*

We have audited the financial statements of Big Brothers Big Sisters of Canada/Les Grands Frères Grandes Soeurs du Canada (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its result of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

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 auditor's report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



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- 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 Entity'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 Entity'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 Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2024

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,610,549	\$ 660,539
Restricted cash, cash equivalents and short-term investments - self-insured retention (note 2)	238,479	238,479
Restricted cash, cash equivalents and short-term investments - group deductible fund (note 3)	914,666	848,962
Short-term investments (note 4)	1,439,668	2,462,424
Accounts receivable (notes 5 and 12)	155,310	266,572
Prepaid expenses	58,460	16,017
	<u>4,417,132</u>	<u>4,492,993</u>
Investments (note 4)	1,138,943	1,168,056
Capital assets (note 6)	10,888	12,281
	<u>\$ 5,566,963</u>	<u>\$ 5,673,330</u>
<b>Liabilities and Net assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 525,972	\$ 478,478
Deferred contributions (note 8)	2,593,764	2,594,151
Deferred agency fees	281,575	-
Self-insured retention (note 2)	238,479	238,479
Group deductible fund (note 3)	914,666	848,962
	<u>4,554,456</u>	<u>4,160,070</u>
Net assets:		
Unrestricted	78,573	608,162
Internally restricted (note 9)	542,306	640,821
Endowment funds	391,628	264,277
	<u>1,012,507</u>	<u>1,513,260</u>
Operating lease commitments (note 11)		
Contingencies (note 13)		
Subsequent event (note 14)		
	<u>\$ 5,566,963</u>	<u>\$ 5,673,330</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Treasurer

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

## Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Government funding	\$ 2,701,790	\$ 4,058,545
Corporate donations (note 1(d))	2,765,157	2,792,642
Agency fees	954,681	876,929
General donations and other	216,364	166,934
Interest and investment income	149,351	55,864
Unrealized gain on investments	41,030	—
	<u>6,828,373</u>	<u>7,950,914</u>
Expenses:		
Agency services and development (notes 1(d) and 10)	3,423,031	4,277,328
Distributions to agencies	3,002,453	3,035,451
Office operations (notes 1(d) and 10)	758,518	701,935
Fundraising (note 10)	261,375	253,996
Board operations	400	965
Unrealized loss on investments	—	13,973
Amortization of capital assets	10,700	13,314
	<u>7,456,477</u>	<u>8,296,962</u>
Deficiency of revenue over expenses	<u>\$ (628,104)</u>	<u>\$ (346,048)</u>

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

## Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

				2023	2022
	Unrestricted	Internally restricted (note 9)	Endowment funds	Total	Total
Balance, beginning of year	\$ 608,162	\$ 640,821	\$ 264,277	\$ 1,513,260	\$ 1,875,261
Deficiency of revenue over expenses	(628,104)	–	–	(628,104)	(346,048)
Interfund transfer (note 9)	98,515	(98,515)	–	–	–
Change in endowment funds	–	–	127,351	127,351	(15,953)
<b>Balance, end of year</b>	<b>\$ 78,573</b>	<b>\$ 542,306</b>	<b>\$ 391,628</b>	<b>\$ 1,012,507</b>	<b>\$ 1,513,260</b>

See accompanying notes to financial statements.

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (628,104)	\$ (346,048)
Amortization of capital assets which does not involve cash	10,700	13,314
Unrealized loss (gain) on investments	(41,030)	13,973
	(658,434)	(318,761)
Change in non-cash operating working capital:		
Restricted cash, cash equivalents and short-term investments - self-insured retention	–	50,000
Restricted cash, cash equivalents and short-term investments - group deductible fund	(65,704)	(161,684)
Accounts receivable	111,262	876,484
Prepaid expenses	(42,443)	(7,894)
Accounts payable and accrued liabilities	47,494	(1,003,635)
Deferred contributions	(387)	567,093
Deferred agency fees	281,575	–
Self-insured retention	–	(50,000)
Group deductible fund	65,704	161,684
	(260,933)	113,287
Investing activities:		
Purchase of capital assets	(9,307)	(7,796)
Net change in short-term investments	1,022,756	(276,404)
Net change in long-term investments	70,143	308,191
Change in endowment funds	127,351	(15,953)
	1,210,943	8,038
Increase in cash and cash equivalents	950,010	121,325
Cash and cash equivalents, beginning of year	660,539	539,214
Cash and cash equivalents, end of year	\$ 1,610,549	\$ 660,539

See accompanying notes to financial statements.



# **BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA**

Notes to Financial Statements

Year ended December 31, 2023

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Big Brothers Big Sisters of Canada/Les Grands Frères Grandes Soeurs du Canada (the "Organization") is a national organization providing services to its member agencies in support of local mentoring programs for children and youth across Canada. The Organization was incorporated under the Canada Corporations Act by letters patent on December 15, 1964 as a corporation without share capital and was legally continued under the Canada Not-for-Profit Corporations Act on August 27, 2014.

The Organization is registered under the Income Tax Act (Canada) (the "Act") effective January 1, 1967 and as such is exempt from Canadian income taxes and is able to issue donation receipts for income tax purposes under registration number 118808740 RR0001.

## **1. Significant accounting policies:**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

### **(a) Revenue recognition:**

The Organization follows the deferral method of accounting for contributions, which include agency fees, corporate donations, government funding and general and other donations.

Agency fees are recognized as revenue when received or receivable. Unrestricted contributions are recognized as revenue on receipt or when receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions for specific projects are recorded as deferred contributions when received and recognized as revenue when the related expense is incurred. Contributions for the purchase of capital assets are deferred and recorded as revenue over the estimated useful life of the acquired asset. Donations of investments which, due to external restrictions, cannot be used to fund current expenses are recorded as deferred contributions on receipt and recognized as revenue when the external restriction is fulfilled.

Endowment contributions are recognized as direct increases in net assets in the year received. Investment income earned on endowed funds that are restricted, is deferred and recognized in income when the related restrictions have been met. Income earned on endowed funds that are unrestricted, is recognized in income in the year.

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

Unrealized gains/losses on endowed funds are included in the statement of changes in net assets and losses are monitored for capital erosion, if other than temporary.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of change in value.

### (c) Short-term investments:

The short-term investments consist of term deposits with original maturities shorter than one year at the date of acquisition.

### (d) Donations in-kind:

Contributed goods and services are recognized when fair value can be reasonably estimated, and when the goods and services are used in the normal course of the operations and would otherwise have been purchased.

### (e) Capital assets:

Capital assets purchased by the Organization are recorded at cost. Capital assets donated to the Organization are recorded at fair value at the date of contribution. Amortization of capital assets is provided for using the straight-line method over the assets' estimated useful lives as follows:

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Computer equipment	5 years
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# **BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA**

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **1. Significant accounting policies (continued):**

### (f) Allocation of expenses:

The Organization engages in general administration, fundraising, and agency support and development. The costs of agency support and fundraising include the costs of personnel that are directly related to providing agency support services and fundraising, respectively.

The Organization allocates certain of its personnel expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. Corporate governance and general management expenses are not allocated.

The salary and benefits costs of the National Office staff are allocated to each of agency support and fundraising based on the average time spent related to each function.

### (g) Financial instruments:

Financial assets and liabilities are recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

Financial instruments are recorded at fair value on initial recognition and subsequently at amortized cost except for investments, which are recorded at fair value. Changes in fair value are recognized in the statement of operations.

# **BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA**

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **1. Significant accounting policies (continued):**

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines whether there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of: (i) the present value of the expected cash flows; (ii) the amount that could be realized from selling the financial asset; or (iii) the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value. Impairments are recognized through the use of an allowance account, with a corresponding charge in the statement of operations.

### **(h) Use of estimates:**

The preparation of financial statements 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 date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## **2. Restricted cash, cash equivalents and short-term investments - self-insured retention:**

The Organization's previous insurance policy includes a self-insured retention portion, which is a type of deductible. As at December 31, 2023, the Organization has received \$238,479 (2022 - \$238,479), related to claims from fiscal years 2014 and 2015 from member agencies, in order to reserve for this balance. Based on 2014 and 2015 claims outstanding as at December 31, 2023, it is estimated that an amount up to \$313,155 (2022 - \$313,155) may be payable to the insurance company in respect of the self-insured retention. Actual results and liabilities may vary based on the settlement of each case.

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 2. Restricted cash, cash equivalents and short-term investments - self-insured retention (continued):

The amount of restricted cash, cash equivalents and restricted short-term investments for the self-insured retention is as follows:

	2023	2022
Cash and cash equivalents	\$ 238,479	\$ –
Short-term investments	–	238,479
	<u>\$ 238,479</u>	<u>\$ 238,479</u>

## 3. Restricted cash, cash equivalents and short-term investments - group deductible fund:

The Organization established a group deductible fund to reduce the impact of current and future insurance claims from 2016 and onwards resulting in a benefit to the entire Big Brothers Big Sisters network. As at December 31, 2023, the Organization has received \$914,666 (2022 - \$848,962) from member agencies, which includes the National Offices' contribution of \$6,250 (2022 - \$6,250). These funds are held in trust on behalf of the network.

The amount of restricted cash, cash equivalents and restricted short-term investments for the group deductible fund is as follows:

	2023	2022
Cash and cash equivalents	\$ 326,426	\$ 273,659
Short-term investments	588,240	575,303
	<u>\$ 914,666</u>	<u>\$ 848,962</u>

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 4. Short and long-term investments:

Investments consist of the following:

	2023	2022
Short-term investments:		
Guaranteed investment certificates ("GICs") due within one year, bearing interest from 1.44% to 5.4% (2022 - 0.85% to 4.25%)	\$ 1,439,668	\$ 2,462,424
Long-term investments:		
GICs due in a period exceeding one year, bearing interest from 1.5% to 4.85% (2022 - 1.41% to 4.35%)	\$ 305,202	\$ 670,425
Fixed income securities	63,225	58,425
Canadian equities	388,519	268,788
Foreign equities	381,997	170,418
	<b>\$ 1,138,943</b>	<b>\$ 1,168,056</b>

## 5. Accounts receivable:

	2023	2022
Accounts receivable	\$ 160,680	\$ 271,942
Allowance for doubtful accounts	(5,370)	(5,370)
	<b>\$ 155,310</b>	<b>\$ 266,572</b>

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

## 6. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 259,828	\$ 248,940	\$ 10,888	\$ 12,281

## 7. Government remittances:

Government remittances consist of amounts (such as payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. As at December 31, 2023, government remittances to the federal and provincial governments included in accounts payable and accrued liabilities amounted to \$7,319 (2022 - \$5,163). These amounts are not in arrears.

## 8. Deferred contributions:

Deferred contributions represent externally restricted unspent resources received in the current and prior years that relate to a subsequent period. Changes in the deferred contributions balance are as follows:

	2023	2022
Balance, beginning of year	\$ 2,594,151	\$ 2,027,058
Amounts recognized as revenue in the year	(4,241,335)	(5,211,365)
Amounts received in the year	4,240,948	5,778,458
Balance, end of year	\$ 2,593,764	\$ 2,594,151

# BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA

Notes to Financial Statements (continued)

Year ended December 31, 2023

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**9. Internally restricted:**

Restrictions of the General Fund have been established by the Board of Directors. These funds have been earmarked to respond to economic downturns, or other unforeseen circumstance that would require immediate funding sources. Internally restricted funds are not available for other purposes without approval of the Board of Directors. During the year, the Board of Directors approved a motion to decrease the internally restricted fund by \$98,515 (2022 - nil).

**10. Allocation of expenses:**

Salary and benefit expenses reported in the statement of operations total \$1,749,947 (2022 - \$1,960,224). An allocation of \$1,315,012 (2022 - \$1,473,371) has been made to agency services, \$173,974 (2022 - \$194,741) to fundraising, with \$260,961 (2022 - \$292,112) included in office operations.

**11. Operating lease commitments:**

Rent for the current premises is recorded as an in-kind donation. The Organization has operating lease commitments for certain office equipment. The minimum rental payments for the next five years are as follows:

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2024	\$ 2,606
2025	2,606
2026	2,606
2027	2,606
2028	652
	<hr/>
	\$ 11,076

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# **BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA**

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **12. Financial risk management:**

Management has established policies and procedures to manage risks relating to financial instruments, with the objective of minimizing any adverse effects on financial performance. A brief description of management's assessment of these risks are as follows:

(a) General objectives, policies and processes:

Management is responsible for the determination of the Organization's risk management objectives and policies and for designing operating processes that ensure the effective implementation of these objectives and policies. In general, the Organization measures and monitors risk through the preparation and review of monthly reports by management.

(b) Credit risk:

Credit risk is the risk a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Organization.

Financial instruments potentially exposed to credit risk include cash and cash equivalents, the short-term investments, investments and accounts receivable. Management considers its exposure to credit risk over cash and cash equivalents to be remote as the Organization holds its cash and cash equivalents deposits with two major Canadian banks. Credit risk relating to the term deposits in short-term investments is also considered remote as they are fixed income securities issued by a major Canadian financial institution. Accounts receivable are not concentrated significantly, therefore, their carrying amount represents the maximum credit risk exposure.

(c) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk arises when the Organization invests in interest bearing financial instruments. The Organization is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents or the short-term investments invested at short-term market interest rates.

# **BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA**

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **12. Financial risk management (continued):**

### (d) Liquidity risk:

Liquidity risk is defined as the risk the Organization may not be able to settle or meet its obligations as they come due.

The Organization has taken steps to ensure it will have sufficient working capital available to meet its obligations.

### (e) Other price risk:

The Organization is exposed to other price risk through changes in market prices (other than changes arising from interest rate or currency risks) in connection with its investments in equity securities and pooled funds.

It is management's opinion that the Organization is not exposed to foreign currency or other market risks.

There have been no changes to the risk exposures from 2022.

## **13. Contingencies:**

The Organization may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes that adequate provisions have been made in the accounts where required and the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Organization. Any amounts in settlement of claims in excess of the recorded provisions will be charged to the statement of operations in the year of the claim.

# **BIG BROTHERS BIG SISTERS OF CANADA/ LES GRANDS FRÈRES GRANDES SOEURS DU CANADA**

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **14. Subsequent event:**

Canadian Mentoring Partnership is a program that was launched in 2019 through funding provided by Employment and Social Development Canada (ESDC). The goal of the program is to build sector capacity to expand access to mentoring across Canada, with work focused in four areas: research, technology, public education and development of regional networks.

Effective February 1, 2024, the Mentor Canada project transitioned to a newly incorporated independent entity. Effective February 1, 2024, program assets with a nominal value, including certain trademark and intangible assets carried at a nominal value, project employees and \$509,221 of the total \$727,933 maximum funds as noted in the agreement were transferred to the independent entity to carry out the activities and goals of the Canadian Mentoring Partnership program in line with the existing funding agreements held by the Organization. The transfer of assets has been accounted for subsequent to December 31, 2023 as a subsequent event.