Big Brothers Big Sisters Association of Medicine Hat
Financial Statements
December 31, 2021

Management's Responsibility

To the Members of Big Brothers Big Sisters Association of Medicine Hat:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for the appointment of the Association's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

March 30, 2022

Executive Director

Treasurer

Independent Auditor's Report

To the Members of Big Brothers Big Sisters Association of Medicine Hat:

Qualified Opinion

We have audited the financial statements of Big Brothers Big Sisters Association of Medicine Hat (the "Association"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, including schedule 1, 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 December 31, 2021, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

As is common for charitable organizations, the Association derives revenue from the public in the form of cash receipts and incurs related cash expenditures. Due to the Association's inability to create sufficient internal control procedures in this area, the completeness of these transactions are not susceptible to satisfactory audit verification. Accordingly our verification of these revenues and expenditures were limited to the amounts recorded in the records of the Association and we were unable to determine if further adjustments were required.

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 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 qualified opinion.

Responsibilities of Management 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 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.

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.

Medicine Hat, Alberta

March 30, 2022 Chartered Professional Accountants

Big Brothers Big Sisters Association of Medicine Hat
Statement of Financial Position
As at December 31, 2021

	2021	2020
Assets		
Current		
Cash *(Note 3)*	341,681	180,246
Restricted cash *(Note 4)*	28,363	50,094
Accounts receivable *(Note 5)*	862	8,269
Prepaid expenses and deposits	-	680
	370,906	239,289
Liabilities		
Current		
Accounts payable and accruals *(Note 6)*	10,893	11,273
Deferred contributions *(Note 7)*	28,363	50,094
	39,256	61,367
Long-term debt *(Note 8)*	40,000	40,000
	79,256	101,367
Net Assets	291,650	137,922
	370,906	239,289

Approved on behalf of the Board of Directors

R Ferguson
Director

Director

Big Brothers Big Sisters Association of Medicine Hat
Statement of Operations
For the year ended December 31, 2021

	2021	2020
Revenue		
Grant revenue	**215,462**	244,740
Donations	**47,131**	97,528
Fundraising revenue *(Schedule 1)*	**109,161**	99,752
Investment income	**50**	182
Endowment Fund	**-**	140
Total revenue	**371,804**	442,342
Expenditures		
Salaries and benefits	**247,563**	200,968
Fundraising expenses *(Schedule 1)*	**17,336**	26,454
Rent	**16,605**	12,454
Office	**17,401**	15,537
Insurance	**6,739**	7,923
Licences and fees	**6,001**	6,980
Professional fees	**5,650**	5,597
Gift-in-kind expense	**4,566**	53,518
Telephone	**4,115**	3,666
Advertising	**7,214**	8,765
Travel	**1,909**	1,177
Staff appreciation	**910**	456
Repairs and maintenance	**760**	1,070
Supplies	**733**	185
Bank charges and interest	**721**	445
Renovations	**-**	133,528
Total expenditures	**338,223**	478,723
Excess (deficiency) of revenues over expenditures before other items	**33,581**	(36,381)
Other items		
Government assistance *(Note 12)*	**120,147**	79,678
Excess of revenues over expenditures	**153,728**	43,297

Big Brothers Big Sisters Association of Medicine Hat
Statement of Changes in Net Assets
For the year ended December 31, 2021

	2021	*2020*
Net assets, beginning of year	**137,922**	94,625
Excess of revenues over expenditures	**153,728**	43,297
Net assets, end of year	**291,650**	137,922

The accompanying notes are an integral part of these financial statements

	2021	*2020*
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenditures	**153,728**	43,297
Debt forgiveness	**(20,000)**	-
	133,728	43,297
Changes in working capital accounts		
Accounts receivable	**7,408**	(7,060)
Prepaid expenses and deposits	**680**	685
Accounts payable and accruals	**(380)**	618
Deferred contributions	**(21,732)**	47,871
	119,704	85,411
Financing		
Advances of long-term debt	**20,000**	40,000
Increase (decrease) in cash resources	**139,704**	125,411
Cash resources, beginning of year	**230,340**	104,929
Cash resources, end of year	**370,044**	230,340
Cash resources are composed of:		
Cash	**341,681**	180,246
Restricted cash related to future operational expenditures	**28,363**	50,094
	370,044	230,340

1. Nature of the organization

Big Brothers Big Sisters Association of Medicine Hat (the “Association”) is incorporated under the Societies Act of Alberta as a not-for-profit organization and is a registered charity under the Canadian Income Tax Act. The Association operates programs in Medicine Hat and the surrounding area aimed at providing one on one mentoring relationships uniting the children of single parent families with adults who provide a positive role model, in order to enhance the growth and development of each child.

Impact on operations of COVID-19 (coronavirus)
In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The impact of COVID-19 has been partially offset by available Government programs for which the Association was eligible. The Association has received wage subsidies from March 2020 to the date of completion of these financial statements. Further details of these programs is described in Note 12 Government assistance. Eligibility requirements under these programs have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada. The significant policies are detailed as follows:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions from external bodies are included in restricted cash.

Investments and managed funds

Investments and managed funds are portfolio investments recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. When appropriate, they have been classified as long-term assets in concurrence with the nature of the investment.

Tangible capital assets

The Association expenses its tangible capital assets. Tangible capital assets held include leasehold improvements, furniture and office equipment. During the current year no capital items were purchased (2020 - $187,046), of which specific grants and gift in kind donations were obtained to fund.

Revenue recognition

The Association 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. Interest is recognized when earned.

Donated goods and services

The work of the Association is dependant on the voluntary service of many members and the contribution of materials by the public. In 2021, $4,566 of gift in kind donations were recorded (2020 - $53,518).

2. Significant accounting policies *(Continued from previous page)*

Income taxes

The Association is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Gifts-in-kind are recorded at their estimated fair market value.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

The Association subsequently measures investments in equity instruments quoted in an active market at fair value if held. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Association’s performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment:

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of excess in the year the reversal occurs.

3. Cash

	2021	*2020*
General account	**300,500**	139,115
Petty cash	**500**	500
Short term GIC, maturing on February 21, 2022, accruing interest of 0.10% (2020 - maturing on February 26, 2021, accruing interest of 0.10%)	**20,306**	20,286
Short term GIC, maturing on February 21, 2022, accruing interest of 0.15% (2020 - maturing on February 26, 2021, accruing interest of 0.15%)	**20,375**	20,345
	341,681	180,246

4. Restricted cash

	2021	*2020*
Bingo	**5,691**	11,389
Casino	**19,172**	8,587
Bowl for Kids Sake	**3,500**	-
CFSEA Grant	**-**	2,802
CIP Grant	**-**	7,695
Community Foundation of Canada	**-**	19,621
Total	**28,363**	50,094

Restricted cash includes funds which are raised through bingos and casinos. Spending of these amounts is restricted to certain expenses as agreed to between the Association and the Government of Alberta. Amounts raised must be deposited to bank accounts, set aside for specific purposes and amounts spent must be paid directly out of these accounts

5. Accounts receivable

	2021	*2020*
Accounts Receivable	**-**	4,182
GST Receivable	**862**	4,087
	862	8,269

6. Accounts payable and accruals

	2021	*2020*
Trade payables	**10,893**	10,343
Vacation payable	**-**	930
	10,893	11,273

7. Deferred contributions

Deferred contributions consist of unspent contributions, which have been externally restricted for capital or operating purposes. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

	Opening	*Amounts Received*	*Revenue Recognized*	*Ending*
2021				
Casino	**8,587**	**16,137**	**(5,552)**	**19,172**
Bingo	**11,389**	**16,874**	**(22,572)**	**5,691**
Bowl for Kids	**-**	**3,500**	**-**	**3,500**
CFSEA grant	**2,802**	**-**	**(2,802)**	**-**
CIP grant	**7,695**	**-**	**(7,695)**	**-**
Community Foundation of Canada	**19,621**	**-**	**(19,621)**	**-**
	50,094	**36,511**	**(58,242)**	**28,363**
2020				
Casino	**30**	**10,265**	**(1,708)**	**8,587**
Bingo	**2,192**	**23,593**	**(14,396)**	**11,389**
CFEP grant	**125,000**	**-**	**(125,000)**	**-**
CFSEA grant	**-**	**2,802**	**-**	**2,802**
CIP grant	**-**	**7,695**	**-**	**7,695**
Community Foundation of Canada	**-**	**19,621**	**-**	**19,621**
	127,222	**63,976**	**(141,104)**	**50,094**

8. Long-term debt

	2021	*2020*
Canada Emergency Business Account (CEBA) bearing no interest until December 31, 2023. Up to 25% of this loan may be forgiven if certain criteria are met and the remainder of the balance is repaid prior to December 31, 2023. Any unpaid balance at December 31, 2023 will be placed in a loan bearing 5% with the loans fully due by December 31, 2025.	**60,000**	40,000
Less: CEBA forgivable portion	**(20,000)**	-
	40,000	40,000

9. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Accounts receivable from one organization represents 100% (one for 100% in 2020) of total accounts receivable as at December 31, 2021. The Association believes that there is minimal risk associated with the collection of these amounts. The Association performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association's exposure to liquidity risk is dependent on the raising donations, fundraising and collecting accounts receivables to meet commitments and sustain operations.

10. Commitments

The Association has entered into a ten year lease agreement on their location. The lease term runs from November 1, 2020 until October 31, 2030. The monthly lease payment is $1,350 plus GST.

11. Endowment fund

An endowment fund of $3,642 is held on behalf of the Association by the Community Foundation of Southeastern Alberta. As the Association does not have control of this fund, it is not included in the assets of the Association. Revenue from this fund is recognized when it is received by the Association.

12. Government assistance

In response to the global outbreak of COVID-19 (coronavirus), the federal government of Canada introduced the Canada Emergency Wage Subsidy (CEWS) program to help organizations retain their employees. This subsidy requires complex calculations to determine the eligibility and amounts of the subsidy. At the date of release of these statements there is uncertainty around the Government of Canada's review process with regards to this program and it is possible that amounts claimed could be adjusted and require repayment in the future.

The Association has applied for $100,147 (2020 - $79,678) of subsidies related to the current period ending. This amount has been included in other income. Of this amount, $nil (2020 - $4,182) is currently recorded in accounts receivable. In addition, the forgivable portion of the CEBA loan described in Note 8 has been recognized in the period.

Big Brothers Big Sisters Association of Medicine Hat
Schedule 1 - Schedule of Fundraising activities Revenues and Expenditures
For the year ended December 31, 2021

	2021	*2020*
Revenue		
Twelve Days of Christmas	**30,665**	29,890
Birdie's for Kids	**23,648**	17,128
Bingo	**22,572**	16,010
MDA Golf Tournament	**20,976**	-
Casino	**5,552**	-
Miscellaneous fundraising	**4,028**	953
Chuck-A-Puck	**1,320**	-
Bowl for Kids	**-**	35,771
	108,761	99,752
Expenditures		
Twelve Days of Christmas	**15,072**	9,051
MDA Golf Tournament	**1,505**	-
Bingo	**700**	857
Chuck-A-Puck	**52**	-
Bowl for Kids	**6**	7,366
Boston Pizza Southlands	**-**	108
Casino	**-**	8,516
Fundraising	**-**	556
	17,335	26,454
Excess of revenue over expenditures	**91,426**	73,298